

UNIVERSITY of ALASKA

Staff Alliance

Draft Agenda

Tuesday, September 13, 2011, 10:00am-12:00noon

Sites: Fairbanks: Room 204 Butrovich Building

Anchorage: Room 205 Bragaw Office Building

Other: Various at member discretion; only one site per geographic location

Bridge: 1-800-893-8850 Pin: 4236369

1. Call to Order and Roll Call

Voting Members:

Juella Sparks, Chair, Staff Alliance and Vice President, UAF Staff Council

Monique Musick, Vice Chair of the Staff Alliance and President, Statewide Admin. Assembly

Melodee Monson, President, UAA APT Council

Craig Mead, President, UAA Classified Council

Pips Veazey, President, UAF Staff Council

Mary McRae Miller, President, UAS Staff Council

Gwenna Richardson, Vice President, UAS Staff Council

Erica Kurowski, Vice President, Statewide Administration Assembly

2. Adopt Agenda

3. Approve August 12, 2011 Minutes

4. Chair's Report

5. Guest and Public Comments

6. Policy and Regulation Review – Request from President Gamble Attachment 6.

7. Human Resources Reports, Review

Ongoing:

7.1 Employee Tuition Waivers: *Satisfactory Academic Progress* Attachment 7.1

7.2 Performance Evaluation Update

7.3 HR Projects, Priorities and Updates

7.4 Tobacco Surcharge Attachment 7.4

7.5 Employee E-Learning Attachment 7.5

7.6 Out of Class Proposal - Heads Up Attachment 7.6

7.7 Holiday Pay Proposal - Heads Up Attachment 7.7

7.8 Telework draft agreement, guidelines, regulations Attachment 7.7

8. External Administration Committee/Council Reports
- 8.1 Human Resources Council
 Liaison: Monique Musick, mmusick@alaska.edu
 1st Alternate: Gwenna Richardson, gjrichardson@uas.alaska.edu
 2nd Alternate: Juella Sparks, jtsparks@alaska.edu
- 8.2 Business Council
 Liaison: Craig Mead, ancim@uaa.alaska.edu
 1st Alternate: Pips Veazey, adveazey@alaska.edu
 2nd Alternate: Erica Kurowski, elkurowski@alaska.edu
- 8.3 IT Executive Council - ITEC
 Liaison: Pips Veazey, adveazey@alaska.edu
 1st Alternate: Melodee Monson, anmam@uaa.alaska.edu
 2nd Alternate: Erica Kurowski, elkurowski@alaska.edu
- 8.4 Student Services Council
 Liaison: Melodee Monson, anmam@uaa.alaska.edu
 1st Alternate: Monique Musick, mmusick@alaska.edu
 2nd Alternate: Gwenna Richardson, gjrichardson@uas.alaska.edu
- 8.5 Tuition Task Force
 Liaison: Juella Sparks, jtsparks@alaska.edu
 Alternate: Mary McRae Miller mmcrae1@uas.alaska.edu
- 8.6 Joint Health Care Committee Attachment 8.6
 Voting Member: Melodee Monson 2011-2013, anmam@uaa.alaska.edu
 Voting Member: Lisa Sporleder 2010-2012, lesporleder@alaska.edu
 Alternate: Craig Mead, ancim@uaa.alaska.edu
- 8.7 Staff Health Care Committee Attachments 8.7.1 and 8.7.2
 Chair: Craig Mead, ancim@uaa.alaska.edu
 SA Members: Erica Kurowski, elkurowski@alaska.edu
 Monique Musick, mmusick@alaska.edu
 Gwenna Richardson, gjrichardson@uas.alaska.edu
- 8.8 Retirement committee
 Liaison: Erica Kurowski, elkurowski@alaska.edu
 Alternate: Pips Veazey, adveazey@alaska.edu
- 8.9 Educational Benefits Project Team
 Liaison: Juella Sparks, jtsparks@alaska.edu
 1st Alternate: Mary McRae Miller, mmcrae1@uas.alaska.edu
 2nd Alternate: Gwenna Richardson, gjrichardson@uas.alaska.edu

- 8.10 Other External Committees/Reports/Assignments
- 9. Staff Alliance Working Groups
 - 9.1 Staff Alliance Compensation Working Group; Next Steps
 - Chair: Erica Kurowski, elkurowski@alaska.edu
 - Co-Chair: `Maria Russell, mtrussell@alaska.edu
 - 9.2 Integrated Advocacy Committee: ELECT CHAIR
- 10. Staff Governance Reports
 - 10.1 UAS Staff Council: *Mary McRae Miller and Gwenna Richardson*
 - 10.2 UAA Classified Council, APT Council: *Melody Munson and Craig Mead*
 - 10.3 UAF Staff Council: *Pips Veazey and Juella Sparks*
 - 10.4 Statewide Administration Assembly: *Monique Musick and Erica Kurowski*
- 11. 2011-2012 Goals and Objectives:

- 12. Other Items of Concern
- 13. Agenda Items for Next Meeting October 11, 2011, 10:00am-12:00 Noon
- 14. Comments
- 15. Adjourn

UNIVERSITY *of* ALASKA

Staff Alliance

Draft Minutes

Friday, August 12, 2011, 1:30 – 3:30pm

Room 109 AB Butrovich Building, Fairbanks, with video link to 205 BOB in Anchorage
and by audio to certain participants

Bridge: 1-800-893-8850 Pin: 4236369

1. Call to Order and Roll Call

Present:

Voting Members:

Maria Russell, 2009-2011 Chair, Staff Alliance and 2010-2011 President, UAF Staff Council

Juella Sparks, Vice President, UAF Staff Council and 2011-2012 Chair, Staff Alliance

Monique Musick, Vice Chair, Staff Alliance; President, Statewide Administration Assembly

Melodee Monson, President, UAA APT Council

Craig Mead, President, UAA Classified Council

Pips Veazey, President, UAF Staff Council

Mary McRae Miller, President, UAS Staff Council

Gwenna Richardson, Vice President, UAS Staff Council

Erica Kurowski, Vice President, Statewide Administration Assembly

Others

Megan Carlson, 2010-2011 President, UAA Classified Council

Pat Ivey, Executive Officer, System Governance

Kim Fackler, Admin Coordinator, System Governance

Beth Behner, Chief Human Resources Officer

Tara Ferguson, Statewide Human Resources Analyst

Mike Humphrey, Statewide Benefits Director

2. Adopt Agenda

MOTION: passed

“The Staff Alliance moves to adopt the agenda as amended. This action is effective August 12, 2011.”

3. Approve July 12, 2011 Minutes

MOTION: passed

“The Staff Alliance moves to approve the July 12, 2011 minutes as amended. This action is effective August 12, 2011.”

4. 2010-2011 Chair’s Final Report

Presented in the June Governance Report to the Board of Regents and repeated here:

Staff Alliance would like to thank the Board of Regents for all of the work put in this past year. This year has provided a wide range of topics and concerns for Staff Alliance to focus. As chair of Staff Alliance I was pleased with the diverse group of individuals from across the state that worked together to meet staff concerns with this array of topics. The Staff Alliance membership will change over the summer, we look forward to having a new group of energetic staff members to take on this role and work with the Board next year. I have grateful for the individuals on the Alliance whom have dedicated a significant amount of time and energy into staff concerns.

Presidential Search:

We would like to thank the BOR one last time for the opportunity to participate on the Presidential Search Advisory Committee. Staff throughout the state participated in setting up events and providing feedback at the various steps. By allowing staff participation we were encouraged that our voice valued and heard. Thanks.

Staff Compensation:

Throughout the year there was a strong concern that with the rising cost of healthcare and other living expenses that staff may actually step backwards in the next fiscal year. Staff Alliance stressed to the BOR that although we acknowledge the budget process is the difficult practice of balancing various and often times competing interests throughout the UA system, the Board and the administration need to remember that staff members play a role in all sectors of the university. In regards to compensation our effort has been to look at the salary issue in regards to the budget submission, we will continue to stress our issues, but will broaden our efforts to better compensate staff. We would like to thank the board one last time for the 2.5% increase for FY12, we also encourage the Board to consider putting into policy annual increase for staff. We will continue to work on our compensation concerns with the Board in the upcoming year.

Staff Makes Students Count Awards and Staff Appreciation

At the June Board meeting you will have the opportunity to meet some staff members whose efforts truly make students count here at the University of Alaska. Of course, many staff fall into this category. This is a yearly opportunity to highlight a selection of them. In additional efforts, staff from each MAU work with human resources to put on staff appreciation or development days. These appreciation events help build the university community!

Healthcare:

To increase staff opportunity for involvement in healthcare-plan changes, Staff Alliance passed two motions (#2011-6, #2011-7). In the first Staff Alliance moved to endorse the SHCC (Staff Health Care Committee) motion that the University begin the process of considering potential plan changes at the beginning of the fiscal year preceding the year in which the changes would be implanted. In the second Staff Alliance moved to endorse the SHCC motion that open forums on proposed healthcare-plan changes be held on campuses in early November to allow input while changes can be made, followed by spring forums to discuss final changes. Earlier engagement in the healthcare-planning process and increased communication with staff will enable timely and better-informed healthcare-plan design.

Tuition Wavier

To address staff concerns Staff Alliance unanimously recommended that no changes be made to the employee tuition waiver benefit until a participative process involving staff governance and other affected parties has had the opportunity for input, going into effect no sooner than January 2012 (Motion #2011-8). Staff are eager to engage the University in this conversation. Tuition waivers provides valuable professional development to University staff and encourage retention of quality employees

Cash in Leave Motion

To mitigate increased out-of-pocket health care costs and increased cost-of-living expenses, Staff Alliance requested that non-represented staff be allowed two opportunities per fiscal year to cash in up to forty hours of annual leave, for a maximum total of eighty hours per fiscal year (Motion #2011-4). This will provide staff greater flexibility to better offset changing financial obligations.

5. Guest and Public Comments

There were no guest or public comments

6. Human Resources Reports, Review

Ongoing:

6.1 Employee Tuition Waivers

Saichi Oba will be invited to the September Staff Alliance meeting to discuss academic progress as it relates to employee and dependent tuition waivers. The Staff Alliance will select a member to sit on the ETW process development team.

6.2 Performance Evaluation Update

Tara Ferguson will present a performance evaluation update at the September Staff Alliance meeting.

6.3 HR Projects, Priorities and Updates

Beth Behner briefed the Staff Alliance on HR projects, priorities and updates.

6.4 Tobacco Surcharge Attachment 6.4

See recommendations in Attachment 6.4, attached.

6.5 Employee E-Learning Attachment 6.5

New: Items 6.6-6.9 were for information only but will stay on the agenda for each meeting until completed.

6.6 *Out of Class Proposal - Heads Up* *Attachment 6.6*

6.7 *Holiday Pay Proposal - Heads Up* *Attachment 6.7*

6.8 *Telework draft agreement, guidelines, regulations* *Attachment 6.8*

7. Election of Officers for 2011-2012

7.1 Overview of Duties and Time Commitment for Chair and Vice Chair

Duties and time commitment were discussed briefly.

7.2 Elect Chair

Juella Sparks was elected Chair of the Staff Alliance for 2011-2012.

7.3 Elect Vice Chair

Erica Kurowski was elected Vice Chair of the Staff Alliance for 2011-2012.

8. External Administration Committee/Council Reports and Liaison/Alternate Appointments

8.1 Human Resources Council

2011-2012:	Liaison:	Monique Musick
	1 st Alternate:	Gwenna Richardson
	2 nd Alternate:	Juella Sparks

8.2 Business Council

2011-2012:	Liaison:	Craig Mead
	1 st Alternate:	Pips Veazey
	2 nd Alternate:	Erica Kurowski

8.3 Student Services Council

2011-2012:	Liaison:	Melodee Monson
	1 st Alternate:	Monique Musick
	2 nd Alternate:	Gwenna Richardson

8.4 IT Executive Council - ITEC

2011-2012:	Liaison:	Pips Veazey
	1 st Alternate:	Melodee Monson
	2 nd Alternate:	Erica Kurowski

8.5 Joint Health Care Committee and Wellness Program

2011-2012:	Voting Member:	Melodee Monson 2011-2013
	Voting Member	Lisa Sporleder 2010-2012
	Alternate:	Craig Mead

8.6 Staff Health Care Committee

2011-2012	Chair:	Craig Mead
	SA Members:	Erica Kurowski
		Monique Musick
		Gwenna Richardson

Additional member names and contact information should be sent to Craig Mead, copy to kkfackler@alaska.edu.

- 8.7 Retirement committee
2011-2012: Liaison: Erica, Kurowski
Alternate: Pips Veazey
- 8.8 Tuition Task Force
2011-2012 Liaison: Juella Sparks
Alternate: Mary McRae Miller
- 8.9. Educational Benefits Project Team
2011-2012 Liaison: Juella Sparks
1st Alternate: Mary McRae Miller
2nd Alternate: Gwenna Richardson
- 9. Staff Alliance Working Groups, Reports
 - 9.1 Staff Alliance Compensation Working Group; Next Steps
2011-2012: Chair: Erica Kurowski
Co-Chair: Maria Russell
 - 9.2 Integrated Advocacy Committee, *Megan Carlson, Mary McRae Miller, Co-Leads*
2011-2012 _____
POSTPONED UNTIL SEPTEMBER
- 10. Staff Governance Reports and Outlook 2011-2012:
 - 10.1 UAS Staff Council: *Mary McRae Miller and Gwenna Richardson*
 - 10.2 UAA Classified Council, APT Council: *Melody Munson and Craig Mead*
 - 10.3 UAF Staff Council: *Pips Veazey and Juella Sparks*
 - 10.4 Statewide Administration Assembly: *Monique Musick and Erica Kurowski*
- 11. 2011-2012 Goals and Objectives:

POSTPONED UNTIL SEPTEMBER.
- 12. Other Items of Concern

There were no other items of concern.
- 13. Agenda Items for Next Meeting September 13, 2011, 10:00am-12:00 Noon

2011-2012 goals and objectives, educational benefits-definition of academic progress as it applies to employee and dependent tuition waivers, performance evaluation project update, external committee/council reports, working group reports,
- 14. Comments

Maria Russell was thanked for her outstanding service as chair and presented with a plaque ‘ from the Staff Alliance.

15. Adjourn

The meeting was adjourned at approximately 3:30pm.

Patrick Gamble, President
Phone: (907) 450-8000
Fax: (907) 450-8012
Email: ua.president@alaska.edu



UNIVERSITY
of ALASKA
Many Traditions One Alaska

202 Butrovich Building
910 Yukon Drive
P.O. Box 755000
Fairbanks, AK 99775-5000

MEMORANDUM

DATE: September 9, 2011

TO: Chancellors
Coalition of Student Leaders
Faculty Alliance
Staff Alliance
System Governance Council

FROM: Patrick Gamble, President *PKG*

RE: UA Policy and Regulation Review

“Strategic direction” is a phrase that is starting to resonate throughout UA. It has become synonymous with the need to examine our ways of doing business in light of Alaska’s contemporary post-secondary educational needs, and the need to implement reasonable directional changes in order to increase the value UA contributes to student learning. Underpinning the way we do business are our policies and university regulations. Therefore it stands to reason that policies and regulations will also require examination for relevancy in light of the directional changes we may impart. But we don’t have to wait until we finish our redirection efforts to begin that review process. A thorough scrub of policy and regulation relevancy, currency, brevity and clarity, begun now, will make the final edits a much easier and quicker task months from now when our redirection efforts are almost complete.

I have asked each Statewide vice president and director to undertake their own appropriate functional review, starting now, so I can consider all their recommendations in advance of the start of the legislative session in January.

In some cases our policies and regulations are voluminous without adding much focus or informational value to the reader. In some cases they transfer wholesale paragraphs out of other documents directly into our regulations. In others there are too many links to other documents rather than short extracts and summaries. This is our chance to make these important directives much more relevant and user friendly. Think one stop shopping. After the holiday break I look forward to reviewing your recommendations.

PKG

cc: Pat Ivey, Executive Officer System Governance Office
President’s Staff

**UNIVERSITY REGULATION
PART IV - HUMAN RESOURCES
Chapter 04.06 – Benefits and Leave**

R04.06.010. Employee Education Benefits.

Regular employees, spouses and dependents are authorized a waiver of course charges under the following conditions:

- A. After six months from initial date of hire into a benefits eligible position, a regular employee of the university will be eligible to have graduate and/or undergraduate course credit hour charges waived for up to six credits per semester. A regular employee will have course charges waived for up to three non-credit courses from a UA-approved list per semester, with prior approval by the employee's supervisor. Course charges may be waived for a maximum of 12 credit hours and 6 non-credit courses per academic year, beginning with the fall semester and ending with the summer term. Prior to the start of each academic term, the list of UA-approved non-credit courses will be provided by the Statewide Office of Human Resources.
- B. A regular employee eligible for the education benefit who will be employed by the university for the following academic year but who is off contract during the summer will have graduate and/or undergraduate course credit hour charges waived for up to 12 credits and for up to 6 non-credit courses from a UA-approved list per summer session within the 12 credit and 6 non-credit course limitation in each academic year.
- C. An employee eligible for the education benefit may take up to three credit hours during working hours, with prior approval by the supervisor, without having to make up the time if, in the opinion of the supervisor, the coursework will be of direct benefit to the university. An employee may take UA-approved non-credit courses during working hours with prior approval by the supervisor. Employees are not required to make up the time for their attendance at UA-approved non-credit courses.
- D. An employee may attend credit courses that do not directly benefit the university during working hours, provided that it is approved in advance by the supervisor and does not impede the work to be performed. The employee will be responsible for making up lost work time through a flexible work schedule requested through and approved by the supervisor.
- E. Spouses and dependent children under the age of 24 as of the first day of class of employees eligible for the education benefit ~~in benefits-eligible positions~~ will have course credit hour charges waived. Course charges for non-credit courses will not be waived for spouses and dependents of employees.

- F. An individual who qualifies for permanent disability during his/her regular employment under the University of Alaska's long-term disability plan will have course credit hour charges waived for a period of three academic years following qualification.
- G. An employee who has included university coursework as part of an approved leave of absence is entitled to the same education benefits as a regular employee.
- H. An employee will be required to repay the University for the full cost of the education benefit for any course taken by the employee for which a failing grade or "no basis" (NB) grade is received. The Education Benefit form signed by the employee will contain an authorization for payroll deduction of the amount of the education benefit, should the employee receive a failing or NB grade.
- I. An employee's dependent who uses the education benefit will be subject to the University's requirements and policies governing student financial aid, including maintaining satisfactory academic progress (SAP) as a condition of receiving the benefit.
- J. Education benefits cease upon termination of employment except for those courses in which the employee or dependent is currently enrolled and classes are in session at the time of termination.
- K. Education benefits provided by this section apply to the total number of credit hours in which the employee, spouse, and/or dependent enrolls.
- L. An employee is responsible for any tax liability generated from employee education benefits.
- M. With the exception of non-credit UA-approved courses, self-support course charges are not eligible to be waived under this benefit.
- N. For a student enrolled in the WWAMI Medical Program, a tuition waiver may be used only for University of Alaska-provided coursework.
- O. A "dependent child" as referenced in this section means an unmarried "child" who is under the age of 24, and who is primarily dependent upon the University employee for support. A "dependent child" is a natural offspring of either or both the employee and spouse, or a legally adopted child of either or both the employee and spouse. Statewide Human Resources will maintain guidelines for determining the eligibility of dependents for the education benefit.

(Revised Date)(08-13-08)

Performance Evaluation Pilot Project Feedback from Statewide Pilot Group:

Michelle Pope- Payroll and Benefit Accounting Manager – HR Operations

- Need general comment area.
- No place to evaluate leadership abilities unless it is part of the functional duties.
- No space for employees to detail metrics of their work.

Tanya Hollis – Statewide Cost Analysis Director – Cost Accounting

- Add employee comment under each section with supervisor comments.
- Remove the “rating” but keep the comments section; make comments required.
- Add a rating between proficient and needs improvement, such as marginal.

Tanya’s subordinates’ comments:

- Better define supervisor and employee expectations. E.g., instruct the supervisor to inform the employee of the evaluation timeframe before meeting to discuss the evaluation. It's not clear whether timeframe is fiscal year, calendar year, or another period.
- Add employee comment under each section with supervisor comments.
- Make the Employee comment section required not optional.
- Instead of a generic definition, expand rating definitions to describe when you to specific ratings.
- Allow for fewer than 6 essential functions.

Pete Pavey – EAS Manager –OIT

If you have to have a Performance Review, I don't think you can do much better than the form that Tara's team has come up with. It avoids pitfalls such as employee self-appraisal and sticks to the elements of the job description. I ran the form by my group and will be forwarding the comments made by my reviewers. If I am forced to use the performance review process to get my staff raises, I will do so in good faith.

However, I believe that annual performance reviews are one of the most demotivating, time wasting, and counter-productive tasks an organization can undergo. In my experience, coaching, team-building, and real time feedback are far better methods of improving performance. At the University of Alaska we also operate under the concept of equity where two relatively equal employees get the same salary increases at the same time. Why would we want a performance review where one is praised more than the other but they still get the same bump in pay?

Sam Culbert from UCLA has done a lot of research on performance reviews over the years and has come to one conclusion. His book [Get Rid of the Performance Review!](#), although more directive than

scholarly, has had a major impact on the high tech industry. A more academic approach from Tom Coens and Mary Jenkins is evidenced by the book Abolishing Performance Appraisals. After studying a number of organizations, their conclusion was that profitability and morale went up after performance reviews were discontinued.

I think it would be a huge mistake to take the University of Alaska down this road. I highly recommend reversing course and placing an emphasis on coaching, ongoing goal setting, and immediate direct feedback.

Other SW Departments:

No feedback received from Public Affairs or Financial Systems.

SWOHR: 9/13/11
Summary for Staff Alliance Meeting



Attachment 7.4

Tobacco Surcharge Effective FY13

Recommendations by University of Alaska to the Joint Health Care Committee 7/20/11



- ❖ As earlier decided, there will be a differential employee charge (\$600 annual amount) to employees if they or their covered dependents are tobacco users.
- ❖ UA recommends this be in the form of a Tobacco Surcharge.
- ❖ UA recommends that individuals need to be tobacco-free 6 months prior to open enrollment of April 15, 2012 to not be assessed the surcharge. The assessment will also not apply if the tobacco using employee or dependent has completed a tobacco cessation program by April 15, 2012 and remains tobacco free.
 - Affidavit and tobacco cessation documentation need to be returned by May 15, 2012 to avoid the assessment. (Positive enrollment required.)

- ❖ Tobacco Cessation program – UA Recommends the following programs to qualify an employee or dependent to avoid the assessment:
 - Alere Wellbeing (“Quit for Life”) - UA has contracted with Alere to provide a UA Tobacco Cessation program at no cost for employees and covered dependents. This includes Nicotine Replacement Therapy.
 - EAP tobacco cessation program thru ComPsych
 - State of Alaska Tobacco Quit Line – 800-QUIT-NOW
 - Tobacco class or support group sponsored by local hospital
 - Nicotine Replacement Therapy monitored by physician
 - Alternative Therapy (e.g. Hypnosis, Acupuncture) monitored by a Licensed Practitioner
- ❖ Successful completion of the program must be demonstrated.
- ❖ Mid-year Status Change – Employees may request review in November 2012, e.g. tobacco cessation documentation, for removal of surcharge in January 2013
- ❖ UA will develop affidavit and language for JHCC input

Tobacco Surcharge – Decision & Implementation Action Items

Category	Action Item	UA Recommendation to JHCC
Employee Charge	\$600 Differential in Employee Charge: Surcharge or Credit?	Tobacco Surcharge of \$600 a year
Tobacco Free Status	How long Tobacco Free?	6 months before Affidavit Signed
Determination of Status	Timing of Review?	Open Enrollment & Mid-Year Review (July & January effective dates)
Development of Affidavit	Affidavit Language & date due back to University?	UA to prepare draft for JHCC input before approval
Tobacco Cessation Program	Date for completion of Tobacco Cessation Program to avoid surcharge?	Must have completed tobacco cessation within last 6 months prior to review deadline to be eligible; must have remained tobacco free.

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- Course Catalog at: www.alaska.edu/hrtraining/e-learning/skillsoft

To access, log in at <https://uaonline.alaska.edu/>

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Learn new skills on your own time or communicate with your supervisor to take job-related courses at work. *A few examples include:*

- Environmental, Safety & Health**
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- DeskTop (IT End User)**
MS Office 2007 & 2010 - Word, Excel, etc.
- Business Skills**
Management & Leadership
Customer Service & Communication
- Information Technology**
Networking, Security
ITIL (Information Technology Infrastructure Library)
- Workplace/Legal Compliance**
Equal Employment Opportunity
Sexual Harassment
- Recertification Credits**
- Prepare for Certification Exams**
NASBA (Natl Assoc of State Boards of Accountancy)
HRCI (Human Resources Certification Institute)
PMI (Project Management Institute)

University of Alaska
Statewide Office of Human Resources
3211 Providence Drive
Anchorage, Alaska 99508-4614

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Out-of-Class Pay – Proposed rule change

Current rule:

The Regulation for out-of-class pay is silent regarding dates to apply the out-of-class payment.

Proposed rule:

The WTE Team is proposing that out-of-class pay be applied for full pay periods only.

Reason for the change:

The web timesheet does not accommodate the out-of-class pay if it occurs mid pay period. Upon discussion with MAU payroll offices, most but not all out-of-class pay was for full pay periods. If we change the rule, we can prevent the additional workload that will come from monitoring for and correcting mid pay period pay. If out-of-class pay is allowed to be applied mid pay period, the payroll offices will have to manually monitor for mid pay period change and re-enter the employee's time information into Banner, splitting the out-of-class and regular pay time. If not changed, the rule will lend itself to errors and over/under payments.

Holiday Pay – Proposal to Change Eligibility Rule.

Current holiday eligibility rule:

Employee with an active job in an eligible ECLS on the date of the holiday must also be in pay status the day before and the day after the holiday, with exception for the campus closure period.

Proposed holiday eligibility rule:

Employee with an active job in an eligible ECLS on the date of the holiday must also be in pay status during the pay period of the holiday, with exception for the campus closure period.

Reason for the change:

The current rule is requires significant time for PPAs and Payroll staff to manually monitor every employee's timesheet to determine if they were in pay status the day before and after the holiday to receive the holiday with very little benefit.

The main purpose of the current rule was to prevent employees on long term leave of absences without pay from also receiving the holiday pay, as well as prevent departments from hiring/terminating employees on the holiday date to pay the holiday as incentive.

The current rule is successful in preventing long term absences without pay from receiving holiday pay. However, it has not been successful in truly preventing the hiring/termination holiday pay. The reality is that departments know the rule and simply hire the employee 1 day before the holiday or terminate them the day after the holiday so that they get the holiday. Most current employees know to record at least a fraction of their work time or annual leave time on the day before or after the holiday to get the holiday so employees that have a few days of LWOP along with the holiday usually still get the holiday.

Ultimately, due to department workarounds, the current rule is only preventing long term absences without pay from receiving the holiday and a few folks that take a few days of LWOP around a holiday. PPAs and Payroll staff are spending a lot of time manually reviewing each timesheet to comply with the rule. This rule will continue to be administratively burdensome to monitor even in a web timesheet environment.

The proposed rule would continue to prevent employees on long term leave of absences without pay from receiving the holiday and it would be more efficient and cost effective to monitor on a pay period basis.



UNIVERSITY
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Employee Name: _____
Position: _____
Department: _____

The following and any attachments constitutes an agreement between University of Alaska and [insert employee name], Employee.

Employee agrees to adhere to the applicable telework regulations, guidelines and policies as amended from time to time.

Terms and conditions. The telework agreement is subject to the following terms and conditions:

1. **Duration.** This agreement will be valid for a period of [specify term] beginning on [start date] and ending on [end date].
2. **Work hours.** Employee's work hours and alternate work location(s) are specified in the Attachment at the end of this agreement. Notwithstanding such work hours and alternate work location(s), Employee shall be on-site at the department to attend meetings and training sessions, and to perform work as requested by the supervisor.
3. **Rate of Pay.** Compensation will be based on the position's university-provided workplace. Geographic differentials will not be paid if Employee's university-provided workplace is in a location for which a geographic differential does not apply.
4. **Attendance and Leave Usage.** Employee's time and attendance will be recorded as performing official duties at the university-provided workplace.

Employee acknowledges his/her responsibility to and agrees to follow established procedures for requesting and obtaining approval of leave.

5. **Travel.** Travel entitlement will be based on the position's university-provided workplace.
6. **Overtime for non-exempt employees.** Non-exempt employees may only work overtime that has been pre-approved by the supervisor in writing. Employee understands that University of Alaska may take corrective action if overtime work is engaged in by a non-exempt employee without prior request and approval.

- 7. Work assignment.** Employee will meet with the supervisor to receive assignments and to review completed work as necessary or appropriate. Employee will complete all assigned work according to work procedures mutually agreed upon by Employee and the supervisor according to guidelines and standards stated in Employee's position description and/or performance plan. Employee agrees to provide regular reports if required by the supervisor.
- 8. Performance location.** Employee agrees to limit performance of assigned duties to the employer provided work place or to the approved alternate work location(s). Employee may not conduct in-person business meetings of any nature or host university or non-university visitors for business purposes or during business hours at the alternate work location(s). All in-person meetings will take place at a university building or the facility or building of the third party.
- 9. Equipment.** Unless the university agrees otherwise, employees who are approved for a telework arrangement will provide their own core equipment (computer system, software, printer, phone, and furnishings). Any equipment provided by Employee will be at no cost to University of Alaska, and will be maintained by Employee. The University is not liable for loss, damage, or wear to employee-owned equipment.
- 10. University-owned equipment.** In order to effectively perform assigned tasks, Employee may use University of Alaska equipment at the alternate work location with the approval of University of Alaska. University of Alaska owned equipment will be serviced and maintained by University of Alaska. Employee shall not use, or allow others to use, university equipment for purposes other than university business. Employee is responsible for properly securing and protecting the equipment from unauthorized use, damage, theft and/or loss. Employee will only use software that has been properly acquired for such use by the copyright holder. Employee shall not disable the security mechanisms enabled on University owned equipment and shall ensure that security updates are maintained on such equipment.
- 11. Records.** Employee will apply approved safeguards to protect University of Alaska records from unauthorized use, disclosure, loss or damage. Work done at the alternate work location is considered University of Alaska business. All records, papers, computer files, and correspondence must be safeguarded for their return to the university-provided workplace. The University may take possession of any work related documents and copy any disks or hard drives containing University related files.
- 12. Liability.** University of Alaska is not liable for damages to Employee's property that result from participation in a telework arrangement. Employee is liable for any injuries sustained by visitors to the alternate work location(s).

13. Reimbursement. University of Alaska is not responsible for operating costs, home maintenance, or any other incidental cost (e.g. utilities) whatsoever, associated with the alternate work location. Employee does not relinquish any entitlement to reimbursement for other expenses authorized, in advance, while conducting business for the University of Alaska.

14. Workers' Compensation. Employee is covered under the Workers' Compensation Law if injured in the course and scope of performing official duties during approved worked hours.

15. Termination of the Telework Agreement. The university or Employee may suspend or terminate the telework arrangement at any time for any reason or no reason.

Employee Signature: _____ **Date:** _____

Supervisor Signature: _____ **Date:** _____
Supervisor Title: _____

Dean/Director Signature: _____ **Date:** _____

Regional HR Director: _____ **Date:** _____
HR approval required for telework performed outside the State of Alaska

Attachments: University Regulation _____
Telework Agreement Attachment - Location & Hours
Employee Work Activity Outside of Alaska – *if applicable*

Distribution: Original – Personnel file
Copy – Supervisor
Copy - Employee

Telework Agreement Attachment – Location and Hours

Employee Name: _____
 Position: _____
 Department: _____

The following location(s) and work schedule are agreed to in support of the Telecommuting Agreement.

Location:

- University Provided Work Location: _____
- Alternate Work Location(s): _____

NOTE: If alternate work location is outside of the state of Alaska, employee must also complete and submit the Payroll form: Employee Work Activity Outside of Alaska. This form is available at: <http://www.alaska.edu/hr/forms/>.

General Work Hours:

Day	Hours	Location (home, office, other)
Monday :	____ - ____	_____
Tuesday:	____ - ____	_____
Wednesday:	____ - ____	_____
Thursday:	____ - ____	_____
Friday:	____ - ____	_____
Saturday:	____ - ____	_____
Sunday:	____ - ____	_____

Comments (Schedule flexibility, etc.):

Employee Signature: _____ Date: _____

Supervisor Signature: _____ Date: _____

Distribution: Original – Personnel file
 Copy – Supervisor
 Copy - Employee



In addition to the provisions in University Regulation _____, the following guidelines may assist employees and supervisors in determining the suitability of telework for a particular position and employee.

SUITABILITY OF WORK TYPE:

When considering whether a position is suitable for telework, it is important to consider job content rather than job title, appointment or work schedule.

Examples of appropriate telework would include but are not limited to:

- thinking and writing: data analysis, reviewing grants or cases, writing reports
- computer oriented tasks: programming, data entry and word processing
- telephone intensive tasks: conference scheduling, obtaining information

Examples of work not suitable for telework would include but are not limited to:

- the employee needs to have extensive face-to-face contact with the supervisor, other employees, clients, or the general public;
- the employee needs frequent access to material, r equipment or confidential records that are not feasible to move from the regular office;
- work that requires special facilities or equipment;
- it would be costly for the University to duplicate the same level of security at the alternative workplace.

SUITABILITY OF EMPLOYEE AND SUPERVISOR:

When considering an employee for a telework arrangement, certain characteristics are particularly important to success:

- organized, highly disciplined and self motivated;
- requires minimal supervision and ability to produce results comparable to what they would produce within the employer provided work place;
- Exemplary etiquette, particularly using remote communication methods;
- current performance level must be at least “fully successful” so as to ensure thorough comprehension of job requirements;
- ability to maintain a comparable level of communication and communication effectiveness with their university customers their supervisors

Employees not suitable for telework arrangements include, but are not limited to those who:

- need to be in the office to learn the organization;
- require on-the-job training;
- need close supervision on a consistent basis;
- thrive on interaction with co-workers;
- do not have an appropriate alternative work location (one that is safe, secure, and free from distraction).

Employees must make arrangements for dependent care while teleworking at the alternate work place. A telework arrangement is not an alternative means by which a teleworking employee can fulfill dependent care obligations.

Supervisors need to demonstrate the following characteristics to ensure the continued success of their telework employee:

- willingness to try out the new arrangements and take appropriate steps to ensure its success;
- comfortable managing by results without actually viewing the process to achieve the results;
- ability to evaluate and determine what, if any, changes in the arrangement need to occur or when to discontinue the arrangement;
- ability to transition an employee back into the workplace should the telework arrangement be deemed inappropriate to continue.

SUITABILITY OF WORK ENVIRONMENT

The employee must have a safe and adequate place to work off-site that is free from inordinate interruptions and that provides the necessary level of security and protection for University of Alaska property at no additional cost to the university.

- Telework employees may not use regularly scheduled work time for providing dependent care or any purpose other than duties assigned per their University of Alaska job requirements.

RELATED DOCUMENTS

- University Regulation _____
- Telework Agreement
- Employee Work Activity Outside of Alaska form

R. _____ . Telework

This regulation applies to work outside of the university-provided workplace for one or more days a week on a routine basis.

- A. Telework is an arrangement in which the university permits an employee to work at a location that is remote from the university-provided workplace at which he or she is employed. Under this arrangement, the employee maintains close contact with his/her supervisor and coworkers through various forms of computer, Internet, and other communication technology.
1. Telework arrangements are at the discretion of the university and require approval of the supervisor and the department dean/director, in consultation with appropriate Human Resources personnel. An arrangement for telework to be performed outside the State of Alaska also requires advance written approval of the regional human resources office.
 2. Considerations for approval of a telework arrangement include the following:
 - a. The nature of the work shall be such that face-to-face direction or interaction with others is minimal or may be scheduled to permit teleworking. Tasks that benefit from uninterrupted work time are suitable for telework, such as writing, editing, reading, analysis, design work, and computer programming.
 - b. Telework must be compatible with the operational and customer service needs of the department.
 - c. The overall impact of the employee's total time out of the university-provided workplace must not adversely affect the department's mission.
 - d. Telework must not subject confidential records to unauthorized disclosure.
 - e. The need for specialized material or equipment must either be minimal or flexible.
 - f. Telework must not adversely affect customer service delivery or employee productivity.
 - g. Tax, insurance, and administrative costs incurred to maintain employees who are not legal residents of the state of Alaska must be identified and budgeted by the department.
 - h. The employee must have an established record of excellent performance, productivity, and work habits, including the ability to be self motivated and have minimal face to face daily supervision, and must maintain the expected quantity and quality of work while teleworking.
 - i. The employee must be able and willing to provide an adequate and safe work space that is free of distractions.
- B. Telework Requests. An employee who desires to work at a location other than the primary university-provided workplace shall submit a written request to their supervisor for consideration. An employee with a disability who desires a telework arrangement as a reasonable accommodation under the Americans with Disabilities Act shall submit their request to the affirmative action officer in accordance with Regents Policy 04.02.033.

C. Work hours and Scheduling

1. The employee shall be reachable by telephone, fax, pager, or e-mail during scheduled work hours.
2. The employee shall be on-site at their department to attend meetings and training sessions, and to perform work as requested by the supervisor.
3. Overtime work for a non-exempt employee must be pre-approved in writing by the supervisor. An employee who works overtime without advance written approval is subject to discipline.
4. The employee shall obtain supervisory approval before taking leave in accordance with university policy. The university, as a public agency, has policies and practices established pursuant to principles of public accountability under which employees accrue annual leave and sick leave and may be placed on leave without pay for absences when accrued leave is not used.

D. Telework Location and Safety

1. The employee shall maintain an appropriate alternate work place that is separate from food preparation areas and sources of water. The university is not responsible for any costs associated with setup of a home office or the tax, insurance and other legal implications for the business use of an employee's home. The responsibility for understanding and fulfilling all such obligations shall rest solely with the employee.
2. The university retains the right to make an on-site inspection of the alternate work place.
3. The employee shall immediately report to the supervisor any job related injuries.
4. The university does not assume responsibility for injury to any other person. The employee shall not hold business visits or meetings at an alternate work place. The employee shall hold the university harmless for injuries to others at the alternate work place.
5. In case of injury, theft, loss, or tort liability, the employee shall grant the university unlimited access to investigate and to inspect the alternate work place.

E. Equipment

1. Unless the university agrees otherwise, employees who are approved for a telework arrangement will provide their own core equipment (computer system, software, printer, phone, and furnishings). Employees are responsible for maintenance and

repair of their equipment. The university is not liable for loss, damage, or wear to employee-owned equipment.

2. Temporary or occasional use of university equipment may be approved on a case-by-case basis. The employee shall not use, or allow others to use, university equipment for purposes other than university business.
3. All equipment, records and materials provided by the university remain the property of the university and shall be immediately returned to the university upon request.

F. Information Security

1. Telework employees shall comply with all laws, rules and procedures applicable to University employment, including Regents Policy and University Regulation 02.06, and shall safeguard all information that has not been disseminated to the public, including confidential records and proprietary university information that is accessible from their alternate work location.
2. Employees shall ensure that appropriate security mechanisms are present and enabled on university owned equipment, as well as on employee-owned equipment if used for University business, and shall ensure that security updates are maintained on such equipment.
3. The employee shall return all papers, computer files, and other records to the university at the end of the assignment or upon request.
4. An employee who engages in telework authorizes the university to take possession of any work related documents or equipment and to copy the entire contents of any storage device, media or backup equipment or service that has been used to generate or store university related records. The University shall follow the procedures applicable to University-owned equipment in Regents' Policy and University Regulation 02.07.

G. Compensation will be based on the position's university-provided workplace. Geographic differentials will not be paid if the employee's university-provided workplace is in a location for which a geographic differential does not apply.

H. Dependent Care. Employees shall make arrangements for dependent care while teleworking. Telework is not an alternative means for an employee to fulfill dependent care obligations.

I. Telework arrangements are granted on a temporary and revocable basis. The university may suspend or terminate telework arrangements at any time for any reason or no reason. The university's decision to grant, deny, or terminate a telework arrangement is not subject to university grievance policies.

Joint Healthcare Committee**August 17, 2011****10:00 a.m. – 12:15 p.m.**

The agenda and attachments for the meeting are available at <http://www.alaska.edu/benefits/joint-health-care-committ/8-18-2011/>

Representatives from Caremark went over their Prescription Benefit Review for July 2010-June 2011. In FY11, UA increased its generic dispensing rate (GDR) 9.4% to 66.6%, which brings us almost up to the industry norm of 68.9%. The increase is attributed to the changes made to the pharmacy plan last year, mainly step therapy to steer patients toward the least expensive options first. Increased generic use was a major factor in keeping our gross trend in our pharmacy plan to only a 1.6% increase in cost in FY11, which is less than industry and Book of Business norms. Part of the driving force in the increase was a 2.12% increase in utilization of chronic preventative medications, which is a good increase. More preventative use should contribute to fewer or lower-cost claims in the future. UA's top five therapeutic classes of drugs, on a gross cost basis, are antihyperlipidemics, antiasthmatic and bronchodialator agents, antidiabetics, antidepressants, and ulcer drugs. Lipitor and Nexium are our top two drugs by gross cost. In the next couple years, some high-volume drugs (like Lipitor and Singulair) will go generic, which will give the GDR another boost. That's a good thing because the impact of specialty drugs will be increasing in the immediate future. Drug manufacturers are developing expensive new drugs for debilitating diseases that affect fewer people, like MS and rheumatoid arthritis, two conditions that account for six of the top seven specialty drugs by cost. These new treatments are very expensive.

JHCC needs clarification of each participating group's members, as membership has changed with the beginning of the academic year. Staff Alliance needs to send a memo to Cyndee West listing the current committee representatives for non-unionized staff.

June and July minutes were approved.

Rich Seifert informed the group that he is stepping down as chair of JHCC because his time will be limited because of new work commitments. Also, the charter committee has not met to update the charter. They will do so and report back next month.

The group discussed monthly meeting times and decided to stick with the third Wednesday of the month, but to move the meeting to 10:30 a.m. – 12:30 p.m. to accommodate teaching schedules. Fall semester meetings will take place on Sept. 21, Oct. 19, Nov. 16, and Dec. 21 unless otherwise changed.

Two draft documents concerning the Tobacco Surcharge were reviewed. One was an FAQ; the other included the rules of the surcharge as well as certifications for Non-Tobacco Use and for Tobacco Cessation Program Participation. Edits suggested included combining the two surcharge waiver

certifications and making it clearer that the surcharge will be charged unless a waiver certification is completed.

The committee charged with developing options for the \$300K for wellness incentives is down to one person due to JHCC membership changes. Nancy Bish and Lisa Sporleder volunteered to serve on that committee with Melanie Arthur.

The committee charged with reviewing possibilities for expanding our pool of members (to hopefully decrease per-member costs) will be meeting this month and will report back to JHCC in September.

The RFPs for health care administration, pharmacy, and vision have been completed by Procurement and will go out soon.

Tentative enrollment numbers for FY10 and FY11 are

	<u>FY10</u>	<u>FY11</u>
Deluxe/500	498	204
Standard/750	3,064	2,565
Economy/HDHP	687	1,327

More people signed up for the HDHP plan this year than were suggested by actuarial estimates, though many members of JHCC were not surprised. The result should be a net savings to the health plan.

The Dependent Audit is largely completed, though HR is still waiting for documents for seven people. We had 29 self-declared ineligible dependents; 78 dependents were removed from the plan. Documents collected by ConSova were gathered in various ways: 64% were mailed, 27% were uploaded electronically, and 8% were faxed.

Lockton reviewed their 4th Quarter utilization review. A greater intensity and severity of large claims accounts for a larger increase in inpatient health care costs for FY11 than otherwise expected. Outpatient costs are virtually unchanged from quarter to quarter, and our members are using the Emergency Room wisely, for true emergencies.

UNIVERSITY of ALASKA

Staff Alliance

UA Staff Health Care Committee

Draft Agenda

August 25, 2011 9:00-10:30

Video Conference Locations

UAA – **PSB 216** UAS Juneau – BRC155 UAF Butrovich – 212B

Audio Bridge: 1-800-893-8850, participant PIN 4236369

Attachments: Draft Minutes from June and July meetings (*July still in process*)

Membership Roster

Lockton 4th Quarter Report PowerPoint

Tobacco Surcharge draft documents

Communication from March 2011 about health care plan changes

1. **Call to Order, Roll Call, and Approval of the Agenda**
2. **Lockton 4th Quarter Report on Trends (15-20 min)**—*Todd Leveridge*
3. **Brief Status Updates**
 - a. Committee Business—*Megan Carlson*
 - i. Approval of Minutes from June and July
 - ii. Introduction of incoming chair
 - iii. Process for updating membership
 - iv. Transition for HR Benefits representative on the SHCC
 - b. Open Enrollment—*Mike Humphrey*
 - c. Dependent Audit—*Mike Humphrey*
 - d. JHCC August meeting—*Lisa Sporleder, Gwenna Richardson, Megan Carlson*
4. **Tobacco Surcharge Update**—*Mike Humphrey*
 - a. FAQ and Certification drafts for committee review and input
5. **Preliminary Discussion of Potential Plan Design Changes for FY13**
 - a. Agenda packet includes communication to employees about plan changes for FY12. These files and more are available here: <http://www.alaska.edu/benefits/health-plan-changes/>.
 - b. Does the committee support considering any changes to the health care plan in the fiscal year that begins in July 2013? If so, what should be on or off the table?
6. **“Homework” for SHCC members**
7. **Topics for next meeting**
 - a. Thursday, September 22nd 9:00-10:30

UNIVERSITY of ALASKA

Staff Alliance

UA Staff Health Care Committee

Draft Minutes

June 23, 2011 9:00-10:30

Attendees: Megan Carlson, Lisa Sporleder, Linda Hall, Carol Shafford, Kat Williams, Melodee Monson, Mike Humphrey, David Hinkley (Lockton), Russ Pressley, Elizabeth Williams

1. **Call to Order, Roll Call, and Approval of the Agenda and Minutes from May**
 - a. Modify attendees for May meeting to only list Lisa once
2. **Brief Status Updates on JHCC, Open Enrollment, and Dependent Audit**
 - a. JHCC: Two-day face-to-face meeting: Recommended postponing HRA/HSA to FY14, a lot of tobacco surcharge discussion.
 - b. Open Enrollment: Still doing data entry, so we don't have numbers in each plan yet. First report may be in July.
 - c. Dependent Audit: Final stages. List from ConSova for employees who have incomplete files. SW HR has communicated with those employees, identifying dependents to be removed from the plan. Opportunity for written response with justification not to drop dependents.
 - d. Concerns expressed because we understood that HR offices would communicate with those employees, and that there is no confirmation employees received letters.
 - e. HR will send an email to employees on the list, with an attention-grabbing subject line
3. **Tobacco Surcharge Recommendations**
 - a. This surcharge will be instituted in FY13.
 - b. Surcharge or credit?
 - i. JHCC: Settled on calling it a surcharge because it was more important to charge those not doing desired behavior than crediting those who are already doing it. \$600/year, rather than \$50/month because of differing contract lengths. Some consternation in the way it shows up on pay stubs—if it was a credit, everyone would be charged a higher rate, and non-smokers would receive it back, which would be perceived as being taxed on it.
 - ii. **SHCC: Support calling it a surcharge rather than sugar coating it. Decision to have a single annual amount (rather than monthly) makes sense.**
 - c. Length of time tobacco free and review of status
 - i. JHCC: Six months tobacco free, or have completed a cessation program within the last six months; a mid-year review so employees have an opportunity mid-year to demonstrate they've quit or completed a cessation program and end the surcharge. Mid-year would take effect pay period after January 1st, with data collection in November to key in Banner before Christmas. Only those already paying the surcharge would need to fill out the paperwork, and only if they wanted to end the surcharge.
 - ii. **SHCC: Six months, with a mid-year review, to provide more of an incentive to quit or complete a cessation program.**

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Staff Alliance

UA Staff Health Care Committee

- d. Affidavit
 - i. JHCC: Decided they weren't the best body to write the form. HR will write it, vet it with General Counsel, and bring to JHCC for review.
 - ii. **SHCC supports this recommendation.**
 - e. Tobacco Cessation Program
 - i. JHCC: Looked at forms for non-tobacco use programs. Liked certification that included "Quit for Life" program (available to employees & dependents effective July 1st—web and phone based, so it's available for smaller campuses and off hours), also accept other cessation programs so that people can use the method that works for them. Also includes support groups sponsored by hospitals, therapy monitored by physician, acupuncture or hypnosis with a licensed practitioner. Most will either be covered by the plan or available for free. Keep in mind that quitting is hard, and it will likely take most people several attempts to quit. No limit on number of times using cessation program, because we want to give them continued opportunities.
 - ii. **SHCC supports this recommendation.**
 - f. **Additional SHCC Recommendation: Operate on the honor system, with no testing of employees.**
 - g. **Do we want to discourage employees reporting each other? Postpone until we have the language of the affidavit being developed by HR and General Counsel.**
4. **Consideration of HRAs and HSAs**
- a. A lot of discussion on HRAs and HSAs, in the end the JHCC decided there wasn't enough information at this time, postpone for one more year.
 - b. Lisa recommended looking at plan selections for FY12, let that inform how we steer the plan one way or the other. Consider how many people took the deluxe plan and whether we use it in the future. Already promised no major changes to next year's plan, so we can't remove the deluxe plan. Consider having two HDHP plans, one with the HSA, one without. This would allow us to deal with the people who can't use HSAs.
 - c. Address stumbling blocks: pharmacy costs in HSA would have to be rolled back into medical and subject to 80/20 rule. Redistribution for people who primarily use the pharmacy benefit. On the other hand, an HSA is fully portable so you can take it with you if you leave the university. With an HRA, the employee can't put money in it, but they could also set up an FSA in addition.
 - d. **Recommendation: Revisit HRA/HSAs for possible implementation in FY14, with the potential of offering two HDHP plans, one with an HSA included and one without. These discussions could begin in FY12, to allow time to work out the details before they would have to be implemented.**
5. **Criteria for SHCC Membership**
- a. Two voting members per MAU, with up to two alternates. Selected by the president of each MAU staff council.

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Staff Alliance

UA Staff Health Care Committee

- b. At least one voting member should also be a member of local staff governance group. Ability of a non-governance member to participate is important. Each MAU is encouraged to have an Alliance member on SHCC, but at a minimum one or two members must be Alliance.
 - c. SHCC members are required to report on committee activities to their staff councils. Communicating to the staff on their campuses as well.
 - d. JHCC non-represented staff members should automatically be members of the SHCC. It is up to the discretion of the JHCC member and their MAU staff council president whether they counted as a member of their MAU's representatives on the SHCC. JHCC members would also be voting members.
 - e. Important that this group remains as a separate advisory board because the non-represented staff still don't have equal representation on the JHCC.
- 6. Topics for future meetings and scheduling next meeting**
- a. Next meeting: Thursday, July 21st 9:00-11:00. Elizabeth will set up video again, and we'll have audio bridge as well.
 - b. InfoLock presentation with David Hinkley
 - c. Future meetings
 - d. Plan discounts for wellness activities and outcomes
 - e. Revisit HRA/HSAs after data is available on the number of employees on each plan

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Staff Alliance

UA Staff Health Care Committee 2011-2012 Membership List

<i>Name</i>	<i>Representative Group</i>	<i>E-mail</i>
Craig Mead, Chair **	UAA Classified Council	cimead@uaa.alaska.edu
Linda Hall	Statewide Administration Assembly	linda.hall@alaska.edu
Lisa Sporleder*	JHCC Voting Member Statewide Administration Assembly	lisa.sporleder@alaska.edu
Melodee Monson*	JHCC Voting Member UAA APT Council	melodee@uaa.alaska.edu
Russ Pressley	UAA APT Council	afhrp1@uaa.alaska.edu
Alessandra Vanover	UAA APT Council (alternate)	anama1@uaa.alaska.edu
<i>Vacant</i>	UAA Classified Council (alternate)	
Carol Shafford	UAF Staff Council	cashafford@alaska.edu
Maria Russell	UAF Staff Council	mtrussell@alaska.edu
Catherine Williams	UAF Staff Council (alternate)	cwilliams2@alaska.edu
Richard Machida	UAF Staff Council (alternate)	rm@alaska.edu
Elizabeth Williams	UAS Staff Council	eawilliams2@uas.alaska.edu
Gwenna Richardson	UAS Staff Council	girichardson@uas.alaska.edu
Mike Humphrey, <i>ex officio</i>	UA Human Resources	mike.humphrey@alaska.edu

* Joint Health Care Committee (JHCC) Voting Member **JHCC Alternate
Last Updated: August 15, 2011

UNIVERSITY of ALASKA

Staff Alliance

UA Staff Health Care Committee

Excerpt from SHCC Purpose and Membership Criteria Document

1. Membership Criteria

- a. Each MAU will have two voting members on the SHCC. Authority to designate these members is delegated to the president of each MAU's staff council.

Staff Council	Voting Members
Statewide Administration Assembly	2
UAA APT Council*	1
UAA Classified Council*	1
UAF Staff Council	2
UAS Staff Council	2

**Since UAA has two staff councils, the total voting members are shared between the councils.*

b. Membership Criteria

- i. At least one voting member from each MAU should also be a member of a local staff governance council. The other voting member is not required to be a member of a governance group.
- ii. A minimum of two SHCC members must also serve on the Staff Alliance. Each MAU is encouraged to have a Staff Alliance member on the SHCC.

c. Joint Health Care Committee Members

- i. To facilitate communication between the SHCC and the JHCC, non-represented staff members serving on the JHCC also serve on the SHCC.
- ii. JHCC voting representatives also have full rights as voting members on the SHCC.
- iii. The JHCC alternate will only have SHCC voting rights if he or she (a) represents his/her MAU as a voting member, or (b) is voting on behalf of an absent JHCC voting member.
- iv. It is up to the discretion of the MAU staff council president whether the JHCC member counts as one of their MAU's two voting members on the SHCC.

d. Alternates

- i. Each MAU may have up to two alternates. Providing the voting member criteria have already been met, the alternates are not required to be members of a governance group.
- ii. In the event a voting member is unable to attend a meeting, an alternate from the member's MAU may vote in their place.
- iii. Alternates are encouraged to attend every meeting to be well-informed in the event their vote is necessary.

- e. The Statewide Benefits Office has one non-voting ex-officio seat on the SHCC.

2. Membership Responsibilities

- a. Each member of the SHCC is expected to regularly attend meetings, and to report on committee activities to their respective staff councils, and to the staff on their campuses.
- b. The SHCC chair is expected to report to the Staff Alliance on the committee's activities. This should include a written report, and a verbal report at the Staff Alliance monthly meeting. In the event the SHCC chair is not an Alliance member, the chair may be excused from the Alliance meeting following his or her report.
- c. The SHCC chair is responsible for setting the agenda, in partnership with the JHCC members and the Statewide Benefits representative.



Attachment 8.7.1

4TH QUARTER FY11 UTILIZATION REVIEW – 7/1/2010 TO 6/30/2011

EXPERTISE PARTNERSHIP VALUE

August 20, 2011



Premiera – Medical

❖ Inpatient

- Paid claims per member per month for Inpatient services increased significantly from \$71.71 for 4th Qtr FY10 (7/09-06/10) to \$106.73 for the 4th quarter FY11 (07/10-06/11)
 - ❖ Greater intensity and severity of large claims in 4th Qtr FY11 compared to FY10
 - Two claimants over \$1M and another at \$900k
 - One claimant at \$1,233,962
 - For 4th Qtr 2010, only one claimant above \$500k compared to four over \$600k in FY11
 - The average length of stay for inpatient services increased from 4.23 to 4.68 and 4th Qtr FY 11 was above the Premera Norm of 4.86

❖ Outpatient

- Visits per 1,000 members for Outpatient services remained virtually unchanged from quarter to quarter and was below the Premera Norm
- Services per 1,000 members for Outpatient services decreased from 4,407 for 4th Qtr FY10 (7/09-03/10) to 4,331 for the 4th Qtr FY11 (7/10-03/11) and was below the Premera Norm

– SHC Agenda 8/25/11 Paid claims per service increased 8.5% FY10 to FY11

❖ Emergency Room

- Paid claims per member per month for ER services increased from \$16.65 for 4th Qtr FY10 (7/09-03/10) to \$17.89 for the 4th Qtr FY11 (7/10-03/11) and the paid claims per visit increased from \$1,263.29 to \$1,383.99 a 9.6% increase
- Visits per 1,000 members for ER services decreased from 158 for 4th Qtr FY10 (7/09-06/10) to 155 for the 4th Qtr FY11 (7/10-03/11) and are below the Premera norm of 218
 - ❖ The increase in the ER per member per month cost coupled with the decrease in the number of ER visits for the 4th Quarter FY 2011 compared to 4th Qtr FY 2010 implies that members are going to the ER for more appropriate services.

Large Claims

- The number of large claimants over \$100k increased from 48 in FY10 to 61 in FY11
- Top 30 claims for FY10 4th Qtr were \$6,998,140 compared to \$10,837,924 in 4th Qtr FY11, which is a 54.9% increase

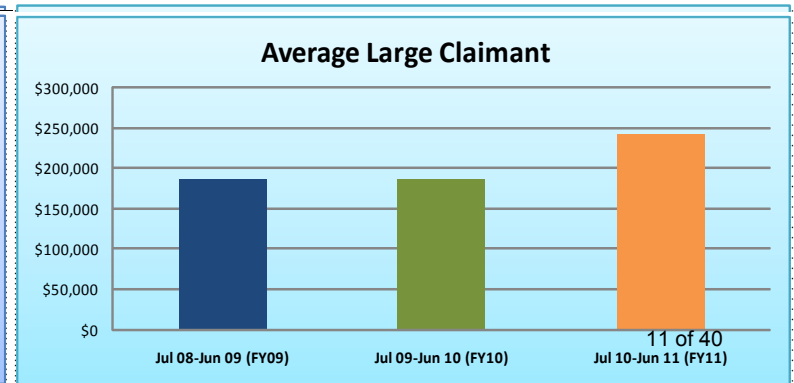
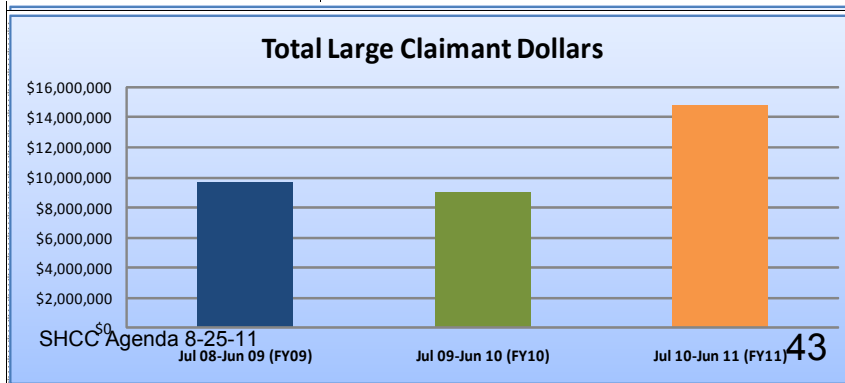
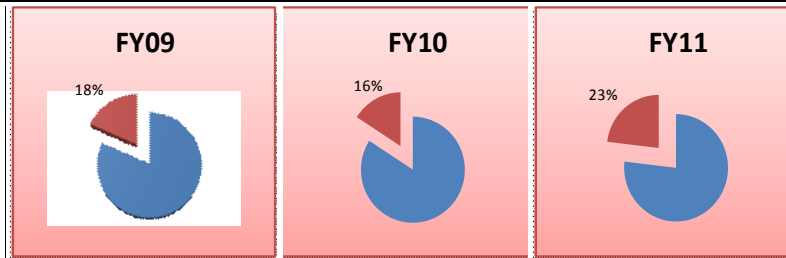
Large claims analysis

	Jul 08-Jun 09 (FY09)	Jul 09-Jun 10 (FY10)	Jul 10-Jun 11 (FY11)
Total Medical & Rx Spend	\$52,628,570	\$56,397,503	\$63,894,163
Average Monthly Employees	4,243	4,331	4,273
PEPY - Annualized	\$12,405	\$13,021	\$14,955
Increase Over Previous Yr		5.0%	14.9%

Total Large Claimants (Over \$100k)	\$9,706,509	\$8,982,475	\$14,776,432
# of Large Claimants	52	48	61
Average Large Claimant	\$186,664	\$187,135	\$242,237
Increase Over Previous Yr		0.3%	29.4%

Without large claims	\$42,922,061	\$47,415,027	\$49,117,731
Average Employees	4,243	4,331	4,273
PEPY - Annualized	\$10,117	\$10,947	\$11,496
Increase Over Previous Yr		8.2%	5.0%

Large Claims percentage of Total Medical & Rx Claims



Medical Utilization

Utilization Category	Jul 2009 - June 2010	July 2010 - June 2011	% Over Previous Qtr	Norm
Medical Contract Months	51,976	51,270	-1.4%
Medical Member Months	118,041	115,934	-1.8%
Average Contract Size	2.27	2.26	-0.4%
Medical Total PMPM	\$405.03	\$477.13	17.8%	\$383.94
Inpatient				
Paid Claims Per Member Per Month	\$71.71	\$106.73	48.8%	\$91.04
Admissions Per 1000 Members	48.90	55.27	13.0%	61.64
Days Per 1000 Members	206.88	258.46	24.9%	299.88
Average Length of Stay	4.23	4.68	10.6%	4.86
Paid Claims Per Admission	\$17,597.02	\$23,170.65	31.7%	\$17,722.82
Outpatient				
Paid Claims Per Member Per Month	\$95.47	\$101.78	6.6%	\$89.89
Visits Per 1000 Members	1,083.59	1,101.11	1.6%	1,189.71
Paid Claims Per Visit	\$1,057.27	\$1,109.22	4.9%	\$906.66
Services Per 1000 Members	4,406.74	4,331.15	-1.7%	4,414.20
Services Per Visit	4.07	3.93	-3.4%	3.71
Paid Claims Per Service	\$259.98	\$282.00	8.5%	\$244.36
ER Utilization: Paid Claims PMPM	\$16.65	\$17.89	7.4%	\$17.16
ER Utilization: Visits Per 1000 Members	158.18	155.16	-1.9%	218.34
ER Utilization: Paid Claims Per Visit	\$1,263.29	\$1,383.99	9.6%	\$943.05
Professional Provider				
Paid Claims Per Member Per Month	\$210.46	\$233.30	10.9%	\$170.57
Services Per 1000 Members	17,998.02	17,777.25	-1.2%	15,189.35
Paid Claims Per Service	\$140.32	\$157.48	12.2%	\$134.76

Top 30 Claimants – 4th Qtr FY 2011

Claimant	Enrollment Status	ICD9 Description	Paid Claims
1	Active	THROAT CANCER	\$1,233,962.23
2 ^a	Active	LYMPHOID LEUKEMIA	\$1,020,652.34
3	Active	ABSCESS OF LUNG AND MEDIASTINUM	\$895,652.63
4 ^b	Active	CHRONIC RENAL FAILURE	\$690,846.32
5	Inactive	MALIGNANT NEOPLASM OF ESOPHAGUS	\$463,517.04
6 ^c	Inactive	UTERINE CANCER	\$425,414.67
7	Active	SUBARACHNOID HEMORRHAGE	\$409,381.96
8	Inactive	CHRONIC ISCHEMIC HEART DISEASE	\$398,216.15
9	Active	MALIGNANT NEOPLASM OF FEMALE BREAST	\$395,267.06
10	Inactive	INTRACEREBRAL HEMORRHAGE	\$362,569.67
11	Active	INJURY TO PELVIC ORGANS (NO SUBROGRATION)	\$313,563.37
12	Active	CHRONIC ISCHEMIC HEART DISEASE	\$312,407.67
13	Active	RECTAL CANCER	\$289,448.36
14	Active	MALIGNANT NEOPLASM OF STOMACH	\$276,878.67
15	Active	MALIGNANT NEOPLASM OF COLON	\$275,199.64
16	Active	CHRONIC RENAL FAILURE	\$271,652.96
17 ^d	Active	CEREBROVASCULAR DISEASE	\$237,086.19
18	Inactive	SPONDYLOSIS AND ALLIED DISORDERS	\$221,396.26
19	Active	FRACTURE OF VERTEBRAL COLUMN WITHOUT MENTION OF SPINAL CORD INJURY	\$220,736.00
20	Active	OSTEOMYELITIS, PERIOSTITIS, AND OTHER INFECTIONS INVOLVING BONE	\$213,243.12
21	Active	MALIGNANT NEOPLASM OF COLON	\$212,048.34
22	Inactive	CHRONIC ISCHEMIC HEART DISEASE	\$209,918.53
23	Active	CARDIAC DYSRHYTHMIAS	\$204,282.98
24	Active	NEOPLASMS OF LYMPHOID AND HISTIOCYTIC TISSUE	\$201,661.64
25	Inactive	DISEASES OF WHITE BLOOD CELLS	\$201,241.96
26	Active	ACUTE MYOCARDIAL INFARCTION	\$191,303.00
27	Active	OSTEOARTHRITIS AND ALLIED DISORDERS	\$179,026.56
28 ^e	Active	DIABETES MELLITUS	\$175,982.95
29	Active	MALIGNANT NEOPLASM OF FEMALE BREAST	\$167,686.73
30 SHCC Agent 15-11	Inactive	INTERVERTEBRAL DISC DISORDERS	\$167,679.37

a Corresponds to #4 in FY10
 b Corresponds to #1 in FY10
 c Corresponds to #5 in FY10, termed 4/30/2011
 d Corresponds to #2 in FY10
 e Corresponds to #6, termed 1/31/11

Top 30 Claimants – 4th Qtr FY 2010

Claimant	Enrollment Status	ICD9 Description	Paid Claims
1	Active	CHRONIC RENAL FAILURE	\$801,740.44
2	Inactive	CEREBROVASCULAR DISEASE	\$462,408.89
3	Active	COLON CANCER	\$452,113.66
4	Inactive	LYMPHOID LEUKEMIA	\$332,878.25
5	Inactive	UTERINE CANCER	\$330,598.79
6	Active	DIABETES MELLITUS	\$321,934.42
7	Active	LYMPHOID LEUKEMIA	\$296,756.52
8	Active	MULTIPLE SCLEROSIS	\$289,450.90
9	Active	CARE INVOLVING USE OF REHABILITATION PROCEDURES	\$277,434.15
10	Active	ACUTE MYOCARDIAL INFARCTION	\$252,691.26
11	Inactive	MALIGNANT NEOPLASM OF BRAIN	\$248,232.42
12	Active	CHRONIC ISCHEMIC HEART DISEASE	\$222,770.71
13	Inactive	MALIGNANT NEOPLASM OF PANCREAS	\$214,882.20
14	Active	ANEURYSM	\$203,055.58
15	Active	COMPLICATIONS PECULIAR TO CERTAIN SPECIFIED PROCEDURES	\$187,328.93
16	Active	INFANTILE CEREBRAL PALSY	\$167,157.30
17	Active	PERIPHERAL VASCULAR DISEASE	\$166,541.97
18	Active	POLYARTERITIS NODOSA	\$164,139.75
19	Active	MALIGNANT LYMPHOMA	\$160,758.58
20	Active	MALIGNANT NEOPLASM OF CECUM	\$145,379.45
21	Active	CARDIOMYOPATHY	\$143,498.34
22	Active	MALIGNANT NEOPLASM OF FEMALE BREAST	\$135,878.19
23	Active	SEPTICEMIA	\$133,051.61
24	Inactive	PERIPHERAL ENTHESOPATHIES	\$131,428.34
25	Active	DIVERTICULA OF INTESTINE	\$127,844.92
26	Active	OTHER COMPLICATIONS OF INTERNAL PROSTHETIC DEVICE, IMPLANT, AND GRAFT	\$127,529.74
27	Active	MALIGNANT NEOPLASM OF TRACHEA, BRONCHUS, AND LUNG	\$127,478.33
28	Active	CHRONIC ISCHEMIC HEART DISEASE	\$126,807.32
29	Active	DISEASES OF LUNG	\$126,724.60
30	Inactive	MALIGNANT NEOPLASM OF FEMALE BREAST	\$119,644.19

Major Diagnostic Category

Major Diagnosis Category	July 1, 2009 to June 30, 2010			July 1, 2010 to June 30, 2011		
	Paid PMPM	Total Paid Claims	Percentage of Overall Total	Paid PMPM	Total Paid Claims	Percentage of Overall Total
Musculoskeletal System	\$78.82	\$9,303,453.63	19.46%	\$81.97	\$9,503,417.00	17.18%
Health Status & Services	\$46.44	\$5,481,293.21	11.46%	\$49.89	\$5,784,398.12	10.46%
Neoplasms	\$34.25	\$4,042,901.27	8.46%	\$45.93	\$5,325,005.24	9.63%
Ill-Defined Conditions	\$33.90	\$4,001,252.50	8.37%	\$34.75	\$4,028,596.30	7.28%
Circulatory System	\$31.04	\$3,664,373.75	7.66%	\$47.99	\$5,564,156.24	10.06%
Digestive System	\$30.07	\$3,549,962.76	7.43%	\$29.87	\$3,463,115.98	6.26%
Injury and Poisoning	\$27.19	\$3,209,702.70	6.71%	\$32.97	\$3,822,072.91	6.91%
Nervous System	\$25.89	\$3,055,832.81	6.39%	\$27.07	\$3,138,663.39	5.67%
Genitourinary System	\$24.62	\$2,906,526.16	6.08%	\$27.77	\$3,219,887.32	5.82%
Respiratory System	\$17.09	\$2,016,770.88	4.22%	\$22.85	\$2,649,653.42	4.79%
Mental Disorders	\$16.45	\$1,942,199.97	4.06%	\$18.79	\$2,177,952.01	3.94%
Pregnancy and Related	\$13.54	\$1,598,377.62	3.34%	\$13.33	\$1,544,861.28	2.79%
Endocrine, Metabolic and Immunity	\$12.71	\$1,500,589.79	3.14%	\$14.80	\$1,715,765.38	3.10%
Skin and Tissue	\$5.14	\$607,288.12	1.27%	\$6.32	\$732,369.93	1.32%
Infectious and Parasitic	\$3.04	\$358,769.11	0.75%	\$13.37	\$1,549,956.42	2.80%
Congenital Anomalies	\$2.25	\$265,283.96	0.55%	\$4.21	\$488,567.85	0.88%
Blood	\$1.75	\$206,745.93	0.43%	\$4.42	\$512,876.00	0.93%
Perinatal	\$0.78	\$92,615.20	0.19%	\$0.75	\$87,177.34	0.16%
Other	\$0.03	\$4,091.12	0.01%	\$0.03	\$3,425.23	0.01%
Injury and Poisoning External Causes	\$0.02	\$1,908.12	0.00%	\$0.03	\$3,450.58	0.01%
Total	\$405.03	\$47,809,938.61	100.00%	\$477.13	\$55,315,367.94	100.00%

Musculoskeletal system continues to be #1

Circulatory system jumped from #5 in 4th Qtr FY 10 to number #3 in FY 11

Appendix

- ❖ Contract Months – Number of enrolled employees for a 12 month period
- ❖ Medical Total PMPM – Total medical cost on a per member per month basis
- ❖ Inpatient – Services provided to patients who are hospitalized
- ❖ Outpatient – Hospital based services where the employee is not admitted
- ❖ Professional – Primary Care or Specialist Care Physician services
- ❖ Average Contract Size – The average number of dependents (Spouse and Children) for each enrolled employee

Our Mission

To be the worldwide value and service leader in insurance brokerage and risk management services

Our Goal

To be the best place to do business and to work



Frequently Asked Questions – Tobacco Surcharge

Q. What is the UA tobacco surcharge?

A. This surcharge, going into effect July 1, 2012, adds \$600 a year to the employee charge for health care if the employee or a dependent enrolled in UA's health plan uses a tobacco product or has used tobacco products within the past six months and has not demonstrated eligibility for a waiver from the surcharge.

Q. What is considered a tobacco product?

A. Tobacco use subject to the surcharge includes tobacco that is smoked such as cigarettes, pipes or cigars, as well as smokeless tobacco, such as snuff or chewing tobacco. Tobacco use, by either an employee or his/her dependent enrolled in the health plan, subjects an employee to the surcharge, when use has occurred within the past six months.

Use of nicotine patches, nicotine inhalers or electronic (green) cigarettes, will not require an employee to pay the tobacco surcharge.

Q. How do I avoid the surcharge?

A. The surcharge will be added automatically to your health plan charge, unless you complete one of the following certification forms:

“**Non-Tobacco Use Certification,**” {LINK} or

“**Certification of Tobacco Cessation Program Participation**” {LINK}

Once completed and signed, the certification form must be submitted to your human resources office for processing during open enrollment, or in November if you wish to apply for a mid-year waiver of the tobacco surcharge.

Q. How often do I have to certify my tobacco use?

A. Once a year during open enrollment, all UA employees will be asked to certify whether they are eligible for a waiver of the tobacco surcharge. If an employee does not complete and submit a certification form during open enrollment, the surcharge will go into effect at the beginning of the plan year, which starts the first of July.

Once a certification form has been submitted during open enrollment, the waiver of the surcharge will be in effect for the entire year.

Q. How does the mid-year waiver work?

A. There will be a mid-year opportunity for an employee to certify tobacco-free status if their or their dependent's tobacco use has not occurred for 6 months, or if the tobacco user has enrolled

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and is participating in a tobacco cessation program. The employee may submit a form in November and be eligible for the waiver effective the following January. Mid-year waivers will be in effect for the remainder of the plan year, until June 30.

For example, if you were a tobacco user in April during open enrollment, but have not used tobacco in six months, you can submit a Certification of Non-Tobacco Use in November. The certification forms are available on-line at www.alaska.edu/benefits, or may be obtained from your HR office.

Q. I don't smoke or use tobacco, but my spouse, who is on my plan as a dependent, does use tobacco. Do I have to pay the surcharge?

A. Yes. If you or any covered family members use tobacco products or have used tobacco products within the past six months, the \$600 annual surcharge applies unless you are eligible for a waiver because of current enrollment/participation in a tobacco cessation program.

Q. Both my covered dependent and I use tobacco. Do I have to pay more than \$600?

A. No. If your dependent is covered on the UA health plan only through your employment (i.e. the dependent is not employed by the University and covered directly), the tobacco surcharge will be \$600 annually even if both of you use tobacco.

Q. What if my spouse and I are both employed by the university and we don't cover each other as dependents. If both of us use tobacco, what is the amount of the tobacco surcharge we would pay?

If both you and your spouse/partner are employed by UA and are covered by the UA health care plan as employees, you will both be charged the surcharge. However, as you are enrolled in UA's health care plan as individual employees rather than being listed as a dependent on the other person's plan, each of you can receive a waiver of the surcharge for attending a tobacco cessation program.

Q. If I'm still using tobacco, what can I do to avoid the surcharge?

A. UA cares about your health, and would like everyone to be eligible to avoid the charge. Once you and enrolled dependents are able to certify that you have been tobacco free for six months, or if you certify that tobacco users have enrolled and are participating in a tobacco cessation program, you can submit a certification during open enrollment or during the month of November in any year. You can be approved for a waiver of the surcharge effective July 1 or January 1, depending when you submit the certification.

Q. I want to quit using tobacco, but need help to do it. What should I do?

A. The following programs are available; the list is also available on the UA benefits website [\[link\]](#)

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- The University of Alaska’s employee assistance program: www.alaska.edu/benefits/employee-assistance-progr/
- Alaska’s Tobacco Quit Line: www.alaskaquitline.com/
- The American Cancer Society: www.cancer.org/Healthy/StayAwayfromTobacco/index
- American Lung Association: www.lungusa.org
- Centers for Disease Control and Prevention: www.cdc.gov
- National Alliance for Tobacco Cessation: www.thenatc.org
- Nicotine Anonymous: www.nicotine-anonymous.org
- Quit Now Program: www.smokefree.gov Free and Clear Quit for Life Program www.quitnow.net/rockwellcollins/
- Free and Clear Quit for Life Program www.quitnow.net/rockwellcollins/

Q. What if I use tobacco, but submit a certification form stating that I do not use tobacco? Will there be a penalty if this is discovered?

A. UA employees are expected to provide accurate and truthful statements on all employment forms. Therefore, if it is determined that you submitted false information on UA’s “Non-Tobacco Use Certification,” you would be subject to paying the surcharge for the applicable plan year as well as potential disciplinary action up to and including termination.

Q. Why is the surcharge being implemented?

A. Tobacco is considered the leading preventable risk factor for illness and disease. Following consultation with UA health care committees, UA decided to implement a surcharge for tobacco use by employees and dependents on UA’s health care plan. The effective date of the tobacco surcharge was delayed so there would be an opportunity for employees and dependents to try to stop using tobacco, including participating in a formal program of tobacco cessation for assistance with that effort.

Several other public health plans have added, or are adding, a surcharge for tobacco use: Alabama, Georgia, Kansas, Kentucky, Indiana, North Carolina, South Dakota, Tennessee and West Virginia. Many private companies are doing the same.

Tobacco Surcharge

Beginning in the FY13 Plan Year, the University of Alaska will implement a tobacco surcharge. Employees receiving health care will be required to pay \$600 per year in addition to the health care charge if they or their dependents use tobacco products. The surcharge will be waived for those employees who certify that tobacco products are not used or if the employee/dependent is actively enrolled in a tobacco cessation program. The details of the program and eligibility are outlined below.

- Tobacco is defined as cigarettes, pipes, cigars, chewing or smokeless tobacco.
- "Non-tobacco user" is defined as a person who has not used tobacco for at least six months before the date the enrollment certification is signed.
- To have the surcharge waived, employees enrolled on the health plan must certify that they and their dependents are non-tobacco users or that they are tobacco users enrolled in a cessation program.
 - If the employee/dependent has used tobacco products in the prior six months before the tobacco use certification is signed, the surcharge will be waived if the tobacco user enrolls and is participating in a designated tobacco cessation program by the due date for submission of the certification.
 - If it is unreasonably difficult due to a medical condition, or if it is medically inadvisable for the employee/dependent to achieve the standards under this program, the employee is asked to contact **contact name, title, phone number** to develop another method to qualify for a waiver.
- Employees can receive a waiver for the surcharge for the next plan year by completing a certification of non-use or tobacco cessation program enrollment/participation during open enrollment. Another mid-year opportunity to complete a certification will occur between November 1-30 each year. Employees who are eligible for a waiver following the midyear certification will have their tobacco surcharge halted during the first full payroll period of January.
- Employees enrolled in the medical plan must submit a completed certification during Open Enrollment or during the November opportunity, if they wish to apply for a waiver of the tobacco surcharge.
- An employee who submits inaccurate or false information on a certification regarding eligibility for a waiver of the tobacco surcharge may be subject to having the surcharge applied retroactively for the applicable plan year, and possible discipline for dishonesty and falsification of documents.

Non-Tobacco Use Certification

Neither I nor my dependent(s) enrolled on the University's health care plan currently use tobacco products or have used them within the last six months.

<i>Please print the following information:</i>	
Employee Name	
Employee ID #	
Work Phone	
Email Address	

Please keep a copy of this certificate for your records and send the original to **Name, Title**, by the Open Enrollment deadline (May 15) or the mid-year deadline (November 30) to be considered for waiver of the tobacco surcharge at the next opportunity, i.e. July 1 or January 1, respectively.

If you have any questions, please contact **Name, Title, Phone Number**.

I certify that my statements on this form are true and accurate. I further understand that any misrepresentation of information on this affidavit will require my payment, through payroll deductions or otherwise, of the tobacco surcharge during the current plan year. Dishonesty or misrepresentation of information on this affidavit may also result in disciplinary action up to and including termination.

 Employee

 Today's Date

Certification of Tobacco Cessation Program Participation

_____ I am currently a tobacco user, but I am actively enrolled in one of the tobacco cessation programs listed below.

_____ One or more of my dependents uses tobacco, but all of those dependents are actively enrolled in one of the tobacco cessation programs listed below.

Please check boxes below to indicate all of the programs in which you and/or your dependent(s) are enrolled. Date of enrollment: _____.

- ComPsych tobacco cessation program
 - 1-866-465-8934
- State of Alaska Tobacco Quit Line
 - 1- 800-QUIT-NOW
- A Tobacco Cessation class or support group sponsored by a local hospital
- Use of a Nicotine Replacement Therapy monitored by your physician
- Use of an Alternative Therapy (i.e. Hypnosis, Acupuncture) monitored by a Licensed Practitioner
- Alere Wellbeing (Quit for Life) and includes Nicotine Replacement Therapy

<i>Please print the following information:</i>	
Employee Name	
Employee ID#	
Work Phone	
Email Address	

Please keep a copy of this certificate for your records and send the original to **Name, Title** by May 15, 2012 to be precluded from the tobacco use premium surcharge July 1, 2012. Documentation or program completion (i.e. certificate or letter) must be submitted by May 15, 2012.

If you have any questions, please contact **Name, Title, Phone Number**

I certify that my statements on this form are true and accurate. I understand that any misrepresentation of information on this certificate will subject me to the requirement to pay the tobacco surcharge, through payroll deductions or otherwise, for the current plan year. I further understand that dishonesty or misrepresentation of information on this certificate may subject me to disciplinary action up to and including termination.

Employee

Today's Date



FY12 Deductibles and Out of Pocket (OOP) Maximums

	Current Plan Tiers in UA Choice		
	Economy	Standard	Deluxe
Individual deductible	\$500	\$250	\$100
Family Deductible	\$1,500	\$600	\$300
OOP Max (Individual)	\$3,000	\$750	\$500
OOP Max (Family)	\$6,000	\$1,500	\$1,000
Coinsurance	20%	20%	20%
Physician Visit	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance
Pharmacy Copay			
Tier 1	\$5	\$5	\$5
Tier 2	\$25	\$25	\$25
Tier 3	\$40	\$40	\$40

	Plan Tiers for FY12-FY13		
	HDHP*	750 Plan	500 Plan
Individual deductible	\$1,250	\$750	\$500
Family Deductible	\$3,000	\$2,250	\$1,500
OOP Max (Individual)	\$3,750	\$3,500	\$3,000
OOP Max (Family)	\$8,000	\$7,000	\$6,000
Coinsurance	20%	20%	20%
Physician Visit	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance
Pharmacy Copay			
Tier 1	\$5	\$5	\$5
Tier 2	\$25	\$25	\$25
Tier 3	\$50	\$50	\$50

* High Deductible Health Plan



DATE: January 21, 2011

TO: Patrick K. Gamble, UA President

FROM: *BE* Beth E. Behner, Chief Human Resources Officer

SUBJECT: Recommended Changes to UA's Health Care Plan for FY12

The University's System HR office has worked extensively with the University's Joint Health Care Committee (JHCC) and the Staff Health Care Committee (SHCC) over the course of the last year to review possible changes to the University's health care plan. In August, 2010, the University hired a new consultant, Lockton, whose representatives have been invaluable in helping us analyze and consider a range of options. Presentations of our analysis of the University's growing health care costs and possible ways to address it have been shared with the health care committees, UA's Human Resources Council, UA's Business Council, Governance groups throughout the system, UA's executives and UA's Board of Regents, with input received and considered from each meeting. For FY10, UA's actual health care costs were \$65M. The bottom line is that if plan changes do not occur, the University's health care costs are projected to increase by \$6.5M for FY11 and another \$7.2M for FY12. By FY17, a status quo health care plan would cost UA \$72.5M more than it currently does, which means UA would experience a doubling of its health care costs over seven years. Documents and briefing summaries concerning plan costs and plan design options are maintained on UA's SWHR Benefits website, for easy access by employees concerning information gathered and the status of issues under consideration. The review process by UA's health care committees has now concluded.

Under the terms of the collective bargaining agreements (CBAs) between the University and its represented benefits-eligible employees, the JHCC makes recommendations based on a consensus approach or a formal vote if consensus is not possible. Although representatives of the Staff Health Care Committee are not in a union, the University operates in a collaborative fashion with them to review health care plan issues and consider the staff committee's recommendations. At the conclusion of the input and consideration process, recommendations from both committees were forwarded to me as the University's Chief Human Resources Officer (CHRO). The language in the CBAs calls upon the University to accept the JHCC's recommendations unless the CHRO determines that the best interests of the University and the health care plan would not be served in accepting the recommendation(s). In this memo, I have described whether my recommendation on behalf of UA's administration is aligned with the JHCC and the SHCC recommendations or if it differs, as well as the rationale for reaching any decision which differs from the recommendation or input from the JHCC and the SHCC.

The University health care committees have been informed that because of the significant level of plan design changes under discussion, I planned to consult with you before final decisions are made. In this memo I am presenting for your consideration, 3 health care plan changes and 4 pharmacy changes to be implemented in FY12, for a total projected cost savings to the health care plan of \$7,815,500. Some plan changes for FY12 have associated features that will be implemented or continued during FY13. Beginning on page eight of the memo, I have addressed other plan changes that I am not recommending at this time, or that are recommended for further review or for future implementation.

Please let me know if you endorse these recommendations. I will then proceed accordingly to communicate the decisions to UA's health care committees and begin working toward implementation.

Medical Plan Change Recommendations for FY12

1. Eliminate costly features of the current deluxe plan. Maintain three health care plans (Low, Medium and High), from which employees may choose. Increase deductible and out-of-pocket maximum levels for all plans. Because of the significant savings to the University from implementing these changes, the total amount of employee recovery needed will not change from FY11 to FY12. Therefore, UA will not seek an increase in total employee contributions, although the University will consult with its health care committees prior to establishing employee charges for the health plan tiers. The University does not plan to make any additional deductible or out-of-pocket maximum levels for UA health care plans through FY13, although other health care or pharmacy plan changes may be determined necessary.

Explanation: See attached chart of proposed tiers, with modified deductible and out of pocket (OOP) maximum levels.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC did not have enough votes to reach a formal recommendation for any of the 7 specific plan scenarios formally considered. However, union representatives on JHCC were generally not in favor of the plan changes I have recommended. They expressed concerns that too many costs would be shifted to employees through the proposed increases to deductibles and out-of-pocket maximums. The SHCC's preferred scenario was one which made less significant changes to the deductible and out of pocket maximum levels, for a projected savings level of \$3.9M.

Rationale for CHRO's Recommendation: The current deluxe plan does not steer plan members to network doctors and hospitals by requiring a higher coinsurance on non-network providers. This results in much higher plan costs since non-network providers charge the plan more for their services.

Deductibles and out of pocket maximums need to be increased across the board as they have not kept pace with years of medical inflation. For example, the \$100 individual deductible contained in the university's deluxe plan has been in effect at least since the early 1970s. Higher deductibles and out-of-pocket maximums for all three plans will increase consumerism because members will spend money out of pocket first and will not qualify as quickly for 100% coverage by the health care plan.

As a part of the recommendation for the plan changes listed on the attached spreadsheet, the University would implement a health savings account (HSA) or a health reimbursement account (HRA) in combination with a qualifying high deductible plan for the Low Tier in FY13. This would be a further step in incenting plan members to make careful use of the health care plan. With the implementation of an account based plan, the University would provide "seed money," to cover some first dollar costs. The deductibles and out-of-pocket maximum amounts for the Low Tier would be increased by the amount determined appropriate for the seed money. The university's contribution to employees of the seed money will remain in members' accounts (HSAs or HRAs) until such time as the money is used on a first dollar basis to satisfy their deductibles, coinsurance and co-pays. Members may carry unused HSA or HRA funds over from year to year while employed. Only with an HSA would an employee be able to retain account funds after leaving UA employment. The Low Tier plan proposed for FY12 will qualify for and be easily transitioned to the implementation of a HSA or HRA account-based health care plan.

My decision to make the present recommendation for the described changes in the absence of full support or consensus by UA's health care committees is based on the following reasons:

- A. This plan change will more immediately shift behavior and increase careful utilization by health care plan users.
- B. This plan change allows stability through the intention to have the major health care plan features (deductibles and out of pocket maximums) in place for at least two years. If we made more modest plan changes now, we would likely have to increase deductibles and out-of-pocket maximums again in FY13.

- C. This plan change permits us not to have to increase the total amount of employee contributions for health care in FY12. A less significant change in the plan's deductibles and out-of-pocket maximums would have required the University to increase all employee charges for FY12. This would have resulted in less take-home pay for all employees, whether or not they have used any medical or pharmacy services. The recommended plan bases increased costs to employees on the level of their actual plan use, rather than applying increased costs to all employees.
- D. This plan change creates a Low Tier plan that is ready to be accompanied by an HSA or HRA for FY13. This will enable the university and its health care committees to educate employees on the features of account based plans, which some employees will find very attractive.
- E. This plan will prepare the university for future health care reform changes that go into effect in 2014 and 2018. On the latter date, the "Cadillac tax" will go into effect (a tax of 40% for benefit values over the set limits of \$10,200 for a single employee and \$27,500 for a family.)

Estimated savings to the health plan budget -- \$6,500,000

2. Institute a Tobacco Surcharge for employees if they or their covered spouse/dependents use any tobacco products. A charge of \$50 per month would be deducted from the employee's pay.

Explanation: Upon enrollment in the health care plan, employees would be presumed to be tobacco users subject to the charge unless they submit a signed form stating that they and their dependents do not use tobacco.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

Rationale for CHRO's Recommendation: A monthly charge of \$50 is an amount sufficient to incent people to reconsider their use of tobacco. Tobacco users cost the plan substantially more than non-users because of the adverse health effects of tobacco use over time. Depending upon where you live in the U.S., a habit of one pack per day can cost up to \$1,800 in increased health care per year. In announcing this new surcharge, the university will inform current tobacco users that they may avoid this surcharge by participating in a smoking cessation program, which will be offered on a no-cost basis by the university. Following the implementation of the surcharge in July, 2011, members who use tobacco will only qualify for removal of the surcharge if they and their

dependents have been tobacco free for 12 months or have satisfactorily entered a tobacco cessation program and not resumed tobacco use.

Estimated savings to the health plan budget -- \$504,000

3. Conduct a dependent audit.

Explanation: Until this current fiscal year, the university did not require documentation from new employees to verify the eligibility of spouses or dependents whom the employee wished to enroll in UA's health care plan.

In July 2010, UA changed its health care plan, instituting a program to check dependents' eligibility documents, e.g. birth certificates and marriage certificates. This review process is currently done by the MAU HR offices. Checking occurs for new hires only, or when current employees request to add a spouse/dependent. A dependent audit, conducted by an external vendor who is a specialist in this type of verification, will be employed to ascertain the eligibility of every dependent listed on UA's health care plan.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

Rationale for CHRO's Recommendation: The cost of covering ineligible dependents on our plan is an expense that must be avoided. As health care costs have increased, it is to be expected that some employees would attempt to list individuals on the plan even though they are not eligible under the terms of UA's plan.

Reviewing eligibility of adult children of dependents is another task that will be done as a part of the dependent audit. The university has carefully scrutinized eligibility when covered children reach the age when they are no longer eligible for health care coverage. Under the terms of the current plan, enrolled children will not be eligible for health care at age 19 unless they provide proof of enrollment as full-time students. Children of UA employees currently are no longer eligible for coverage whatsoever once they reach the age of 24. However, on July 1, 2011, federal law will require the coverage of employees' dependents until they reach the age of 26. Those children currently not covered by UA's plan due to age or lack of full-time student enrollment status will be entitled to return to coverage until they are 26 years old. A dependent audit will help the university with the extensive process of reviewing eligibility of the new category of dependents who have never been on our plan or who have left it and are requesting to be returned to coverage under the federally mandated plan changes.

Estimated savings to the health plan budget -- \$500,000, over and above the cost of the audit's cost of between \$65,000 and \$75,000. In the contract with the vendor, there is a vendor guarantee that if UA does not have a 4% drop of ineligible dependents, they will reduce their fee proportionately for every tenth of a percentage point below 4%. Thus, if UA were to only achieve a 3% ineligible drop rate, a 25% reduction in the fee would occur and UA would receive back approximately \$17,000 in fees.

Pharmacy Plan Change Recommendations for FY12:

1. Move certain prescription products to the Tier III copay from Tier II, and require preauthorization before prescriptions for these drugs can be filled.

Explanation: Nexium, Dexilant, Proton Pump Inhibitors and Non-Sedating Antihistamine (NSA) drugs are available in chemically equivalent over the counter form.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both committees considered whether to remove these drugs from the plan altogether, which would have caused members to either have to use OTC products or pay the full costs for the prescription drugs. While it would save more money for the plan not to cover these medications at all, there are some patients who cannot use the OTC products. The JHCC recommended removing them from plan coverage, while the SHCC voted to move these prescriptions to Tier III.

Rationale for CHRO's Recommendation: Moving these drugs to Tier III and requiring preauthorization requires members to use generic products unless the patient receives approval for the brand name drug based on a doctor's certification. Even if that occurs, a higher price will be paid by the user as the drugs will be in Tier III.

Estimated savings to the health plan budget -- \$23,700 just to move Nexium from Tier II to Tier III. We have not requested the savings for other drugs from Caremark.

2. Eliminate generic retail and mail-order co-pays for certain generic maintenance drugs, i.e. those used for treatment of patients with chronic problems due to cholesterol, cardiovascular disease, diabetes, chronic obstructive pulmonary disease (COPD) and asthma.

Explanation: Patients with these chronic diseases cost the health plan a substantial amount of money on the medical side. The eligibility for free generic drugs is contingent on the patient's participation in the disease management program.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

Rationale for CHRO's Recommendation: Providing maintenance drugs at no cost to the member to incent continued and consistent use is good for the patients and saves medical costs from complications and exacerbated conditions.

Estimated increase to the health plan budget -- \$2,600.

3. Increase differential between preferred brand name and non-preferred brand name drugs by increasing the copay from \$40 to \$50.

Explanation: Under this recommendation, retail copay costs for prescriptions would then be \$5 for Tier I (generic), \$25 for Tier II (preferred brand) and \$50 for Tier III (non-preferred brand), with mail-order being two times the retail copay. The goal is to shift use to lower cost generics or preferred brand name drugs, which are less expensive for the plan.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

Rationale for CHRO's Recommendation: This change saves the plan money while not presenting a significant disadvantage to pharmacy users, most of whom can successfully substitute generic or preferred brand prescriptions for non-preferred brand prescriptions.

Estimated savings to the health plan budget -- \$140,000

4. Incent mail order filling of prescriptions for maintenance medications

Explanation: Plan would be modified to increase copays for retail prescriptions to double the rate of the regular retail co-pay if the plan member does not use mail order starting on the third refill. The exclusion to this plan provision would be for medications that could freeze during shipment.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

Rationale for CHRO's Decisions: Mail order is much less expensive for the University, but many members do not use it because they believe it is more convenient to go to local pharmacies. Higher financial costs will change members' behavior.

Estimated savings to the health plan budget -- \$150,400

In summary, I recommend that these changes be put into place as a package of health care and pharmacy plan changes for FY12. Communications to employees will begin immediately. The primary plan change, of creating new Low, Medium and High Plans, will be available for employees' selection during open enrollment, which begins in mid-April. Other components of the plan changes, which do not affect employees' plan selections, would be rolled out sooner. For example, the Dependent Audit will be initiated immediately, and smoking cessation offerings would begin as soon as they can be arranged.

The health care committees also considered many other suggestions designed to achieve cost savings to UA's health care plan. The remainder of this memo provides information concerning those issues, the feedback received from the committees and the current status of Statewide Human Resources' recommendations on each.

Medical Plan Changes Under Consideration for FY13 or After

1. Institute a Spousal Surcharge. This would deduct a certain dollar amount, e.g. \$50 monthly, from the pay of any benefits-eligible employee who has enrolled his/her spouse in UA's health care plan. The surcharge would only apply if the spouse is eligible and has access health care benefits through their own employer.

Explanation: The university wants to be an employer of choice without being an insurer of choice. UA should not have a plan that is so reasonably priced for dependent coverage that spouses decline the coverage offered by their own employer and choose to be covered by the UA plan. The university's charging structure to date has not provided a disincentive for members to enroll their spouses under UA's plan rather than their own.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both JHCC and the SHCC were opposed to this change at this time. SHCC wanted to UA to see if

the plan changes in FY12 will reduce the number of spouses enrolled on the plan and if not, a spousal surcharge could be added in FY13.

CHRO's Recommendation and Rationale: A spousal surcharge was not recommended for FY12 as the significant increases in family deductibles will tend to operate as a deterrent to enrolling spouses if they have equivalent coverage elsewhere. However, this type of surcharge will remain under evaluation as we review how many spouses are enrolled on UA's plan. Data on other coverage will be gathered by the vendors conducting the dependent audit, which will help us further evaluate this type of surcharge.

2. Create new tiers for dependent charges, so that covered members will pay more for larger families than is currently the case.

Explanation: Currently, the University has 4 dependent charging tiers: Employee only, Employee plus spouse, Employee plus child(ren) and Employee plus family. While the current structure does address the increased costs of adding dependents, if we added more tiers, it would allow better control of the increased cost to the plan when large families are covered.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC recommended more research on the methodology for setting employee rates and further analysis of types of claims dependents are having. If the research supports a change, it could be implemented in FY13.

CHRO's Recommendation and Rationale: Continue to evaluate this as Lockton gathers more information and analysis regarding the costs to the plan caused by dependent usage.

3. Charge part-time employees an increased employee charge for health care coverage.

Explanation: Currently, part-time employees are eligible for health care if they are in a benefits-eligible position and work over 20 hours per week. Many employers do not offer health care coverage to employees at this low a level of hours worked, or the employers may charge the part-time employee a higher cost for coverage than full-time employees pay. Some employees work part time due to their own preference, or in order to obtain health care benefits. If there is no business need to hire part-time employees, the university incurs greater costs when it hires 2 part-time employees with two benefits packages rather than 1 full-time employee with one benefit package.

Input by the Joint Health Care Committee and Staff Health Care Committee:

Both the JHCC and SHCC recommended more research into the claims costs for part-time employees. If the research supports a change, it could be implemented in FY13.

CHRO's Recommendation and Rationale: CHRO recommends reviewing this issue further. Currently, the university employs about 300 part-time, benefits eligible employees, but it is not known how many of these employees are part time due to the university's needs and how many have requested to be part time. The university contributes the same amount for health care for part time, so the benefits costs are higher relative to the salary costs than is the case for a full-time employee. However, it is not known whether part-time employees cost more in terms of health care plan utilization. Rather than a part-time surcharge for benefits, the university may want to limit health care coverage to those employees working 30 or more hours per week. Effective January 1, 2014, Federal law will require employers to provide health care coverage to employees on a full-time basis if they work a minimum of 30 hours per week. Increasing the hours needed for health care eligibility would require a modification to University Regulation 04.06.149, "Benefits for Extended Full Time and Part-Time Temporary Employees," as well as changes to health care plan documents.

4. Exclude high risk activities from coverage under UA's health care plan.

Explanation: Activities such as sky diving, bungee jumping, operating a motorcycle or plane, scuba diving, hang gliding, rock climbing, parachuting and parasailing could be excluded from coverage.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC questioned how this could be administered and what activities should be included as "high risk."

CHRO's Recommendation and Rationale: Review this issue later, after additional information is gathered. Eliminating high risk activities would mean that employees would bear the entire costs of medical care if accidents occurred while engaging in such activities. Such exclusion would be highly controversial and unwelcome to employees who are active and adventurous.

5. Tie employee charges to completion of wellness/fitness activities and outcomes.

Explanation: This approach would base employee deductions on documented statistics and measures of involvement in activities that promote health and wellness and therefore are predicted to reduce the individual's risk to UA's health care plan. Through lower employee charges, an incentive would exist to encourage employees to obtain an annual physical, complete an annual health risk assessment, obtain and monitor biometrics and BMI, as well as to participate in defined activities to improve fitness, good nutrition, a healthy weight and positive lifestyle choices.

Input by the Joint Health Care Committee and Staff Health Care Committee: JHCC and SHCC need to be involved in the development of wellness activities that would lead to the lower employee charge.

CHRO's Recommendation and Rationale: There is widespread support for tying employee charges to documented wellness activities, so that employees who are trying to avert their own health complications and chronic conditions are charged less than those who are not making such an investment of their time and effort. Using measured activities and outcomes as a basis for employee charges is more effective than rewarding activities without subsequently reviewing whether or not they have resulted in a reduction of risk factors. Lockton has the ability to analyze the utilization of UA's plan, which will help us in structuring an incentive structure likely to yield positive plan results. However, more time is needed to work with Lockton, UA health care committees and employee groups to consider the type of incentive structure to devise that will be well received by employees and make a difference to plan use. A differential charging structure based on a number of participation levels would require Banner system changes, as modifications in the employee charge structure must be programmed into the payroll system.

6. Implement a Surgical Travel health care plan feature.

Explanation: Research into the costs for particular medical procedures performed in Alaska compared with the costs for the same procedures performed in the Northwest shows that there is a substantially higher medical cost for some medical procedures obtained in Alaska. The university's medical plan could offer members who need certain kinds of surgeries additional financial support to help defray travel and related costs if they decide to have the surgery in designated treatment centers in the Northwest.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

CHRO's Recommendation and Rationale: This idea should receive further review as to the level of support that would serve patients' interests and needs, while still representing a significant cost saving to the university. This should be considered only for those members/covered dependents who prefer to travel to obtain surgeries. A pilot project with eligibility limited to certain surgical procedures would be a sensible way to test this option.

7. Establish an onsite medical clinic in Fairbanks or Anchorage.

Explanation: A medical clinic, staffed with UA-employed MDs or physician assistants and staff, could be located on or close to UAF or UAA to serve university employees and their dependents. This would present a major investment, due to the need for a facility and staff for such a clinic. However, universities and other organizations that have opened their own clinics are better able to control medical costs, while offering services conveniently close to the workplace.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

CHRO's Recommendation and Rationale: This is an idea for consideration in the future with the likely pilot project being UAA's physician assistant program.

8. Eliminate the current award of \$100 per year for each covered employee and spouse who completes a personal wellness profile (PWP or health risk assessment).

Explanation: The university has provided this amount every year for participating employees and spouses since 2004, when a provision was first negotiated into CBA articles regarding this payment. Completion of a personal wellness profile (PWP) provides the individual with feedback on their state of health as well as making recommendations for steps that can be taken to improve their health risk levels, addressing issues such as the level of physical fitness, mental health, diet, alcohol consumption and stress. However, the biometrics reported in the health risk assessments are all self reported and there is no linkage between the PWP contents with any referral to medical providers, disease management services or the employee assistance program.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC were both in favor of eliminating the \$100 award for the simple task of

completing the PWP, believing that such an incentive could more beneficially be used to reward activities that have a greater impact on employee behavior.

CHRO's Recommendation and Rationale: CHRO agrees with this assessment and is in favor of biometrics being measured and entered into a data base that can be forwarded for review by UA's disease management program to assure appropriate follow up and attempted intervention. However, the provision for the \$100 award to employees and spouses is currently referenced in collective bargaining agreements, and hence must be changed through negotiations or via a memorandum of understanding with the unions.

9. Require employee participants to complete 5 out of 6 sessions when they enroll in the university's Individual Health Plan (IHP) coaching program, or pay a penalty.

Explanation: Currently, about 20% of participants drop out of the IHP program after enrolling. They take up space that others could utilize, which results in an inefficient use of WIN for Alaska's staff and increased costs to UA.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and SHCC recommended that rather than a penalty for non-completion, we consider a reward or incentive for successful completion of all 6 IHP sessions.

CHRO's Recommendation and Rationale: CHRO agrees with the committees' recommendation and will continue to review this issue, recognizing that the value of the IHP offering itself is very valuable to each individual who is able to participate in the sessions.

10. Require employees to participate in obtaining and logging biometric information upon enrollment into IHP sessions, as well as at the end.

Explanation: Currently, IHP enrollees may choose to have biometric screening, but it is voluntary. Further, even if the biometric numbers are logged into the employee's own wellness page, the information is not entered into a database so that aggregate statistics can be reviewed or personal information forwarded to UA's disease management program for follow up. The recommendation would change this, making it mandatory to have biometric information gathered and shared in a confidential manner with UA's disease management providers.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC members recognized the value of requiring biometrics for appropriate individual follow up/intervention.

CHRO's Recommendation and Rationale: CHRO supports mandatory gathering, logging and reporting of IHP participants' biometric information to UA's disease management vendor.

A review by Lockton of the aggregate biometric information of IHP participants could also allow UA to more reliably determine whether the IHP program is providing the university an appropriate return on investment. IHPs are personalized coaching services that can directly help individuals to make health and lifestyle changes, but they are expensive to deliver because of the one on one sessions offered. Individuals who are realizing the benefit of the personalized coaching should be willing to participate in the review of its effectiveness.

Attachment: FY12 and FY13 Health and Pharmacy Plan changes recommended by CHRO

Increase deductibles and out of pocket maximum (OOP) amounts for all plan tiers. For FY12, there is insufficient time to implement either a Health Savings Account (HSA) or health reimbursement account (HRA). However, the proposed tiers contain a Low plan for FY12 that contains the features needed to transition into adding an HSA or HRA in FY13. The Low Plan meets current High Deductible Health Plan (HDHP) statutory requirements (see below). At the time of implementation of the HSA or HRA, we would increase the deductible and OOP maximums in FY13 to account for seed money contributed by UA.

The old Deluxe Plan has been eliminated; the network steerage of the new High Plan will be consistent with that of the current Standard and Economy Plan. The High Plan will offer coverage for orthodontia equivalent to the coverage provided by the current Deluxe Plan.

	Current Plan Tiers in UA Choice			Plan Tiers Proposed to be in effect FY12-FY13			Statutory Req'ts-HDHP
	Economy	Standard	Deluxe	Low	Middle	High	
Individual deductible	\$500	\$250	\$100	\$1,250	\$750	\$500	\$1,200 (minimum)
Family Deductible	\$1,500	\$600	\$300	\$3,000	\$2,250	\$1,500	\$2,400 (minimum)
OOP Max (Individual)	\$3,000	\$750	\$500	\$3,750	\$3,500	\$3,000	\$5,950 (maximum)
OOP Max (Family)	\$6,000	\$1,500	\$1,000	\$8,000	\$7,000	\$6,000	\$11,900 (maximum)
Coinsurance	20%	20%	20%	20%	20%	20%	
Physician Visit	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance	Deductible/ Coinsurance	
Pharmacy Copay							
Tier 1	\$5	\$5	\$5	\$5	\$5	\$5	Cost Savings to the health plan budget, projected by Lockton: \$6.5 M
Tier 2	\$25	\$25	\$25	\$25	\$25	\$25	
Tier 3	\$40	\$40	\$40	\$50	\$50	\$50	

University of Alaska FY 2012 Enrollment Changes

EMPLOYEE COUNTS

	FY 11	FY12		
Plan Name	Deluxe Plan	500 Plan	# change	% Change
# of Employees	498	204	-294	-59%

Decreased 294 people
 217 people went to 750 Plan
 62 people went to HDHP Plan

	FY 11	FY12		
Plan Name	Standard Plan	750 Plan	Change	% Change
# of Employees	3,064	2,565	-499	-16%

Decreased 499 people
 29 people went to 500 Plan
 640 people went to HDHP Plan

	FY 11	FY12		
Plan Name	Economy Plan	HDHP Plan	Change	% Change
# of Employees	687	1,329	642	93%

Increased 642
 6 people went to 500 Plan
 126 people went to 750 Plan

	FY 11	FY12		
Opt-outs	Opt-outs	Opt-outs	Change	% Change
# of Employees	369	387	18	5%

DEPENDENTS

FY 11 5,592 Dependents- spouse and children
 2,416 Spouse
 3,176 Children
 668 Children 19-24

FY 12 5,535 Dependents- spouse and children
 2,266 Spouse
 3,269 Children
 829 children 19-26

Change (57) Dependents- spouse and children
 (150) Spouse
 93 Children
 161 Children 19-26